

DRAFT RESOLUTION ON INTERNATIONAL ACTION
RELATING TO EMPLOYMENT

Note by the Secretariat

I. ACTION BY THE PREPARATORY COMMITTEE OF THE ITO

At the First Session of the Preparatory Committee the following draft resolution on international action relating to employment was agreed for consideration by the Conference:

THE UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

"Considering that a significant contribution can be made to the achievement and maintenance of full and productive employment and of high and stable levels of effective demand by international action sponsored by the Economic and Social Council and carried out in collaboration with the appropriate inter-governmental organizations, acting within their respective spheres and consistently with the terms and purposes of their basic instruments HEREBY ASKS the Economic and Social Council to undertake at an early date, in consultation with the appropriate inter-governmental organizations, special studies of the form which such international action might take AND SUGGEST that, in addition to covering the effects on employment and production of a lowering of barriers to trade, the studies of the Economic and Social Council should include a consideration of such measures as:

- (1) The concerted timing, to the extent which may be appropriate and practicable in the interests of employment policy, of national and international measures to influence credit conditions and the terms of borrowing;
- (2) National or international arrangements, in suitable cases, to promote due stability in the incomes of producers of primary products, having regard equally to the interests of consuming and producing countries;
- (3) The timing, to the extent which may be appropriate and practicable in the interests of employment policy, of capital expenditure on projects which are either of an international character or are internationally financed;

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(4) The promotion, under appropriate safeguards of an international flow of capital in periods of world deflationary pressure to those countries whose balance of payments needs temporary support in order to enable them to maintain domestic policies for full and productive employment."

II. ACTIVITIES OF THE ECONOMIC AND SOCIAL COUNCIL

AND THE UNITED NATIONS SECRETARIAT

A. The subsidiary organs of the Economic and Social Council that deal with the problem of full employment and economic stability are as follows:

1. Economic and Employment Commission.

At its Second Session, 21 June 1946, the Economic and Social Council set out the following terms of reference for the Commission:

"(a) The Commission shall advise the Economic and Social Council on economic questions in order to promote higher standards of living.

"(b) It shall examine such questions as may be submitted to it by the Council and shall on its own initiative report to the Council on problems which, in its opinion, require urgent attention.

"(c) It shall make recommendations to the Council with reference to economic questions involving concerted study and/or action by more than one specialized agency or Commission of the Council and in particular shall draw the attention of the Council to the probable influence of the policies and activities of other commissions of the Council, the specialized agencies or other international organizations on the issues mentioned in paragraph (d) below.

"(d) In particular it shall be the function of the Commission to advise the Council on:

"(i) The prevention of wide fluctuations in economic activity and the promotion of full employment by the co-ordination of national full employment policies and by international action;

"(ii) Problems of the reconstruction of devastated areas and other urgent problems arising from the war, with a view to developing means of giving real help, which is so necessary, to various Members of the United Nations whose territories have been devastated by the enemy as a result of occupation and war activities;

"(iii) The promotion of economic development and progress with special regard to the problems of less-developed areas.

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"In carrying out the functions set forth above, the Commission shall take account of the close relationship between the short-term problems and the long-term objectives of an expanding and integrated world economy."

2. Sub-Commission on Employment and Economic Stability

Terms of Reference:

- "(i) To study national and international full employment policies and fluctuations in economic activity;
- "(ii) To analyze the causes of these fluctuations; and
- "(iii) To advise the Commission on the most appropriate methods of promoting full employment and economic stability."

B. The Economic and Employment Commission at its First Session, 20 January to 5 February 1947, considered the future work of its Sub-Commissions and transmitted to its Sub-Commission on Employment and Economic Stability detailed instructions on the work it was to do in the field of economic stability. During its discussions the Commission had before it the Report of the First Session of the Preparatory Committee of the ITO.

The Economic and Employment Commission, in accordance with the terms of reference of the Sub-Commission, and taking into account the responsibilities of various international agencies, instructed its Sub-Commission on Employment and Economic Stability as follows:

1. To report to the Commission as early as possible on current world economic conditions and trends, giving particular attention to any factors that are preventing, or are likely to prevent in the near future, the maintenance of full employment and economic stability, together with analyses indicating causal factors involved and recommendations as to desirable action.

2. To report to the Commission at its early convenience on:
(a) The preliminary views of the Sub-Commission concerning the kinds of international action which are likely to be feasible and of assistance in maintaining economic stability and full employment. In this connection the Sub-Commission should bear in mind the important links between stability and development and should examine such proposals as:

- (i) The concerted timing, to the extent which may be appropriate and practicable in the interests of employment policy, of national and international measures to influence credit conditions and the terms of borrowing;

/(ii) National

(ii) National or international arrangements, in suitable cases, to promote due stability in the real incomes of producers of primary products, taking account both of the interests of consumers and producers regardless of country;

(iii) The timing, to the extent which may be appropriate and practicable in the interests of employment policy of capital expenditures on projects which are either of an international character or are internationally financed; as well as the expansion of investments in less-developed countries as measures designed to maintain stability of employment during periods of depression in more highly industrialized countries.

(b) Recommended methods and forms of reporting economic conditions and trends, including the definition of specific information to be collected. In this connection, the Sub-Commission should, in co-operation with the Secretariat, give consideration to arrangements for the regular collection, analysis and exchange of information on domestic employment problems, trends and policies, including as far as possible information relating to national income, demand, and balances of payments (including methods of presenting the multilateral aspects of balance of payments problems).

(c) Any other matter which the Sub-Commission may feel should be drawn to the attention of this Commission, including any modifications of these instructions which it may wish to suggest.

C. At its Fourth Session, 28 February to 29 March 1947, the Economic and Social Council noted with approval the instructions of the Economic and Employment Commission to its Sub-Commission on Employment and Economic Stability, and requested the Economic and Employment Commission, among other things:

"To initiate regular reports to the Council on world economic conditions and trends, giving particular attention to any factors that are preventing or are likely to prevent in the near future the maintenance of full employment and economic stability, together with analyses indicating the causal factors involved and recommendations as to desirable action; and

"To consider and report to the Council as early as practicable regarding the most appropriate forms of international action to maintain world full employment and economic stability, taking full

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account of any views put forward by the International Labour Organization, the International Monetary Fund, the International Bank for Reconstruction and Development, the Food and Agriculture Organization of the United Nations, the Interim Co-ordinating Committee for International Commodity Arrangements, the Preparatory Committee of the Trade and Employment Conference (particularly the draft resolution on international action relating to employment appearing in the report of the first session of this Committee), and by non-governmental organizations in Category A in regard to questions of particular concern to them, and bearing in mind that the action to promote full employment when unemployment or under-employment result from the lack of effective demand may differ from that which is appropriate when, as in devastated areas or undeveloped or under-developed countries, the obstacle is the deficiency of certain factors such as equipment, fuel and raw materials which are necessary to employ productively the available supply of labour."

(Resolution No. 26 (IV) of the Economic and Social Council)

In addition, the Economic and Social Council requested the Secretary-General, among other things, "to assume the responsibility, contemplated in paragraph 2 of Section B of Part VI of the report of that Commission, for drawing to the attention of the Commission and its Sub-Commission on Employment and Economic Stability any economic situations which should receive special consideration and, in particular, such developments as would, in the opinion of the Secretary-General, justify the calling of a session of the Economic and Employment Commission in accordance with its rules of procedure." (Resolution No. 26 (IV) of the Economic and Social Council),

D. The Economic and Employment Commission at its Second Session held in June 1947 again emphasized the instructions it had previously transmitted to the Sub-Commission on Employment and Economic Stability and passed on to it a number of papers submitted to the Commission by delegations, Specialized Agencies and Non-Governmental Organizations, on Economic Stability and Full Employment for its consideration at its first session.

Because of organization difficulties the Sub-Commission has not been able to meet and will not start its work until November 1947.

The Commission, at its Second Session, elected the following persons to its Sub-Commission on Employment and Economic Stability:

M. Delen of France

Alexander Danilov of the Union of Soviet Socialist Republics

Ragnar Frisch of Norway

R. F. Harrod of the United Kingdom

/Oscar Lange

Oscar Lange of Poland

Leslie G. Melville of Australia

Winfield Riofler of the United States of America

At its first session the Sub-Commission will consider the problem of economic stability and full employment, and on the basis of papers prepared by the Secretariat and the papers mentioned above, transmitted to it by the Commission, will be considering possible recommendations to the Economic and Employment Commission on international and national action to achieve and maintain full employment.

The Sub-Commission will also have before it several special studies prepared by the Secretariat: a study entitled "Survey of Current Inflationary and Deflationary Tendencies," a paper on problems of full employment, and a paper on the interrelation of world economic stability and the world food supply.

Any recommendations made by the Sub-Commission will be transmitted to the Economic and Employment Commission which will consider them and is in turn required to make recommendations to the Economic and Social Council under the latter's Resolution No. 26 (IV), quoted in part above.

E. Within the United Nations Secretariat the Department of Economic Affairs is responsible for analyses and reports to the Economic and Social Council and its subsidiary organs, concerning full employment and economic stability. The Division of Economic Stability and Development of the Secretariat has two sections concerned respectively with the problem of economic stability, and with international commercial and financial relations.

In addition to specific reports on such topics as problems of economic stability, balances of payments, foreign trade, etc., the Division periodically prepared general surveys of world economic trends for the use of the Economic and Social Council. In this connection it is pertinent to point out a resolution adopted by the General Assembly at its second session as follows:

"THE GENERAL ASSEMBLY

- (1) NOTES WITH APPROVAL that the Economic and Social Council has made arrangements for the initiation of regular reports to the Council on world economic conditions and trends; and
- (2) RECOMMENDS to the Council
 - (a) That it consider a survey of current world economic conditions and trends annually, and at such other intervals as it considers necessary, in the light of its responsibility under Article 55 of the Charter to promote the solution of international economic problems, higher standards of living, /full employment,

full employment, and conditions of economic and social progress and development; and

(b) That such consideration include an analysis of the major dislocations of needs and supplies in the world economy; and

(c) That it make recommendations as to the appropriate measures to be taken by the General Assembly, the Members of the United Nations, and the Specialized Agencies concerned; and

(3) REQUESTS the Secretary-General to assist the Council and its subsidiary organs by providing factual surveys and analyses of world economic conditions and trends."
