

FIRST COMMITTEE: EMPLOYMENT AND ECONOMIC ACTIVITY

SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Capitol, Havana, Cuba

Tuesday, 9 December 1947, at 10.30 a.m.

Chairman: Mr. J. J. DEDMAN (Australia)

1. CONTINUATION OF THE DISCUSSION OF THE PERUVIAN AMENDMENT TO ARTICLE 5.

Mr. MARTINS (Brazil) endorsed the principles of the Peruvian amendment while considering that it might be more suitably worded and put in the context of Article 7.

Mr. HEKNER (International Monetary Fund) expressed the view that Article 5 dealt with cases of Members handicapped in maintaining full domestic employment without resorting to trade restrictions. Article 21, paragraph 5, on the other hand, dealt with the same matter in the event of a general disequilibrium accompanied by widespread application of import restrictions.

Mr. BURGUETE (Mexico) endorsed the Peruvian amendment and stated that it was for the large countries to assist in remedying the maladjustments within the balance of payments by absorbing surpluses, increasing international investments and adopting methods similar to those employed by the United Kingdom in the 19th century. The Peruvian amendment, by requesting the Organization to direct surpluses to other countries, would improve the balance of payments of maladjusted countries and avert their adopting restrictive measures.

Mr. MONGE (Peru) noted that there had been certain discrepancies between the original Spanish text of his amendment and the English translation which therefore had become misleading. His delegation would submit a new translation. (See E/CONF.2/C.1/7, Corr.1). He suggested that his amendment be referred to Sub-Committee B for further consideration.

2. DISCUSSION OF ARTICLES 6 AND 7 ON THE BASIS OF THE RELEVANT PORTIONS OF DOCUMENT E/CONF.2/C.1/7.

Article 6 - Exchange of Information and Consultation.

Mr. BURGUETE (Mexico) quoted from Article 55 of the Charter of the
/United Nations

United Nations to support his proposed amendment to paragraph 1 (b) safeguarding worker's rights as embodied in the ILO Philadelphia Declaration. Apart from the possible legal implications of the omissions from present text, his amendment would incorporate the Declaration of Philadelphia in the Charter, thus unifying its character and guaranteeing the principles of the Declaration which were the basis for the raising of standards of living in the world.

Mr. HAKIM (Lebanon) felt that the word "employment" was being used in two meanings in the discussion and needed clarification. It was being used both in reference to employment of resources in general (including labour, capital, etc.) and to labour conditions and rights of workers. Conditions of employment and rights of workers fell within the competence of the ILO.

Mr. ROYER (France) considered that the Charter was concerned with "full employment" rather than with "employment" in the narrow sense. In the event of urgent and grave maladjustments the Organization could intervene but such action would never tend to restrict trade or create deflation and thus endanger workers' rights or conditions of "employment", as the representative of Mexico apparently feared. He felt that the present version of paragraph 2 was adequate for the purpose and recalled that in the first session of the Preparatory Committee (London report E/PC/T/33, page 5) more detailed measures had been provided for. It had been recognized that the Organization could not intervene in matters of national sovereignty.

Mr. NASH (New Zealand) agreed with the spirit of the Mexican amendment, but thought it might be covered in paragraph 2, rather than in paragraph 1 (b). The Charter should provide not only for full employment but also for the maintenance by all countries of good living standards for all who work.

Mr. GANGULI (India) felt that there was misapprehension regarding the concerted action provided for in sub-paragraph (b). The London draft mentioned various types of action but none of them could be interpreted to mean an attack on workers' rights, and it had been made clear that demand could not be raised by lowering wages. While he fully agreed with the object of the Mexican amendment he thought that its purposes had already been achieved.

Mr. LAMBOGLIA (Argentina) was of the opinion that the decision had already been made as to whether labour problems should be dealt with in the Charter or not, inasmuch as the draft had provided for this. While some delegations now preferred to leave the whole subject to the ILO, the Argentina delegation felt that it was necessary to include it in the Charter. He supported the Mexican amendment.

/Mr. BENDA

Mr. BENDA (Czechoslovakia) made the formal suggestion to refer the Mexican proposal for further study to Sub-Committee A.

Mr. BURGUETE (Mexico) explained, in reply to the Lebanese representative, that Article 4 spoke of "fair labour standards" which clearly was different from "employment" in the broad sense. To achieve full employment and bring about effective demand, it was necessary to uphold and safeguard labour conditions. The London draft (Chapter I, Section C, paragraph 2) gave examples of action the Organization could take; his amendment would at least assure that under paragraph 2 no directions could be made to jeopardize workers' rights. Otherwise any pretext could be used to curtail workers' rights, and sub-paragraph (b) was not clear enough to forestall this.

The CHAIRMAN referred the proposal to Sub-Committee B and requested the Chairman of that Sub-Committee to confer with the Chairman of Sub-Committee A any matters that touched upon the subject of Article 4.
Article 7 - Safeguards for Members subject to external deflationary pressure.

The CHAIRMAN inquired whether any representative wished to support the proposal made by the International Chamber of Commerce (document E/CONF.2/14) that Article 7 should be deleted. No delegate spoke in favour of deletion.

Mr. SKAUG (Norway) informed the Committee that his delegation had submitted that morning an amendment to Article 7 which was consequential upon the amendment it had submitted to Article 3.

Mr. BURGUETE (Mexico) said that his delegation had proposed the addition of a new Article (document E/CONF.2/11/Add.31) which was in harmony with the proposal made by the delegation of Colombia regarding Article 4.

Pointing out that the draft ITO Charter implemented the ideas laid down in Article 55 of the Charter of the United Nations, Mr. Burguete said that a country which suffered from unemployment or from the lowering of standards of living of its workers by reason of measures to promote international trade taken by another country, should be allowed to take appropriate steps to avoid unemployment.

Mr. SHACKLE (United Kingdom) felt that the proposed new Article, as at present drafted, was an escape clause from a great deal of the substance of the draft Charter.

Mr. ROYER (France) agreed in principle with the representative of Mexico that the development and promotion of international trade must not lead to the export of unemployment or to a lowering of the standard of
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living of workers. He considered, however, that the matter was already covered in the draft Charter.

The CHAIRMAN said that the new Article proposed by the delegation of Mexico would be submitted to Sub-Committee A for consideration in connection with Article 4.

3. DISCUSSION OF THE AMENDMENT TO ARTICLE 2 PROPOSED BY THE DELEGATION OF THE PHILIPPINES (DOCUMENT E/CONF.2/C.1/7)

Mr. ABELLO (Philippines) said that his delegation considered that effective demand and efficient production depended not only on the avoidance of unemployment and under-employment, but also on establishing security for workers.

The CHAIRMAN said that the proposal of the delegation of the Philippines would be referred to a Sub-Committee.

4. DISCUSSION OF NEW AMENDMENTS TO ARTICLE 3 (DOCUMENT E/CONF.2/C.1/7)

Mr. ABELLO (Philippines), referring to the proposal submitted by his delegation, that the last sentence of paragraph 2 of Article 3 should be deleted, said that its purpose was to ensure that members of the ITO did not assume obligations of an undetermined character.

Mr. PHILLIPS (Australia), Mr. SHACKLE (United Kingdom) and Mr. ROYER (France) regarded the retention of the sentence as of great importance.

Mr. PIERSON (United States of America) had no objection to the retention of the sentence in question. He would suggest in Sub-Committee B that the sentence should become paragraph 1 of Article 5, and the present paragraph 1 of that Article should become paragraph 2. That suggestion would be made in order to bring the matter of the relation between employment and balances of payments together in one Article.

Mr. SKAUG (Norway), referring to his delegation's proposed amendment to paragraph 1 of Article 3 and to its suggestion that a new paragraph should be added to Article 7, said the purpose of those proposals was to bring up for consideration by the Committee the whole question of price regulation and its relations to the principles of the Charter.

Experience had shown that it was necessary for many countries to apply a system of price control as a part of their internal economic policy. The matter had been considered by the Preparatory Committee in Geneva and it had been decided to amend the New York draft so as to allow exemption for countries undergoing shortages subsequent to the war. (See Article 43 b) Systems of price stabilization might, however, be conducted by certain countries as a permanent part of their economic policy, and the Charter did not so far contain any provision relating to permanent price regulation.

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(See the footnote to paragraph 2 of Article 43 on page 37 of Geneva Report - E/PC/T/186)

The Norwegian delegation felt that the words "and to prevent wide fluctuations in the general level of demand or prices" should be added in paragraph 1 of Article 3 after the word "demand", and that, consequentially to this amendment, a new paragraph should be added to Article 7.

Mr. SHACKLE (United Kingdom) said his delegation entirely sympathized with the object of the Norwegian amendment. As Article 7 made provision for the safeguarding by countries of their national economies against deflationary pressure developing elsewhere, it was appropriate to make provision also for protection against inflationary influences which might arise.

Mr. ROYER (France) supported the proposal of the Norwegian delegation but suggested that it should be dissociated from Article 7 as it would be preferable to have a special Article covering problems raised by inflation.

Mr. BENDA (Czechoslovakia) said his delegation agreed in principle with the idea contained in both amendments suggested by the delegation of Norway.

Mr. MARTINS (Brazil) agreed with the remarks of the representative of France that the amendment submitted by the delegation of Norway should be dissociated from Article 7 of the draft Charter.

Mr. Van HEIDENSTAM (Sweden) fully supported the point of view expressed by the Norwegian representative.

The CHAIRMAN said the work of the Committee was completed insofar as the first reading stage was concerned.

It was hoped that the report of Sub-Committee A would be ready for consideration by the following Monday, 15 December; no decision would be taken in the meantime as to the next meeting of the Committee as a whole.

Mr. FRESQUET (Cuba) suggested that the amendments to Article 2 submitted by the representative of the Philippines came more appropriately within the scope of Sub-Committee A.

The CHAIRMAN said that he would consult the Chairmen of the two Sub-Committees regarding the suggestion made by the representative of Cuba and would take action accordingly.

The meeting rose at 12.50 p.m.
