

While it recognizes that the major responsibility for achieving full employment rests with the individual Members and on the domestic measures they take, it establishes that there is scope for concerted international action under the sponsorship of the Economic and Social Council acting in co-operation with other international organizations.

Article 3 - Maintenance of Domestic Employment. This article contains a positive undertaking by Members to take action designed to achieve full employment, and a high and growing level of demand within their territories by measures appropriate to their domestic institutions. The commitment is limited to taking action, not to achieve full employment.

Article 4 - Removal of Maladjustments within the Balance of Payments. Directs Members with a persistent favourable balance of trade, which is a major factor in the balance of payments difficulties of other countries, to take action to correct the disequilibrium. While the main responsibility is placed on Members enjoying a favourable balance, it calls upon the deficit countries to take appropriate action to extricate themselves from the difficulties. Emphasis is directed to expansionist measures in correcting the maladjustments.

Article 5 - Exchange of Information and Consultation. Calls upon Members to co-operate with one another, with the Economic and Social Council and other international organizations to promote full employment and high levels of demand. The I.T.O. is given the positive function of initiating consultations among Members in the event of a serious decline in employment, production or demand in order to prevent the international spread of deflation.

Article 6 - Safeguards for Members Subject to External Inflationary or Deflationary Pressure. Directs the Organization in the exercise of its functions to take into consideration the need of a Member to protect itself against economic fluctuations abroad, particularly a decline in the foreign demand for its exports. Specific provision for action under this Article is contained in the Balance of Payments Section.

Article 7 - Fair Labour Standards. Recognizes that unfair labour conditions, particularly in production for export, create difficulties in international trade. Members pledge themselves to take whatever action may be feasible and appropriate to eliminate unfair labour conditions and to co-operate with the International Labour Organizations in this regard.

The Chapter on Employment and Economic Activity gave rise to the least controversy in the Havana discussions. Several proposals to include provisions on the migration of labour and the treatment of migrant workers were dealt with by incorporating a reference to them in a Resolution on Employment.

There are some differences of interpretation as to the significance of the clause recognizing the need of a Member to take action to protect itself against fluctuations abroad. The Canadian Delegation regarded this clause as a broad statement of principles and that specific action could be taken only under the precise terms of other relevant provisions of the Charter. This viewpoint was widely supported, although several delegations, particularly the Australian Delegation, attached rather wider significance to it.