

Article 72, sub-para. (c) (v): which provides that the Organization shall have the following function "generally, to achieve any of the objectives set forth in Article 1";

Article 93, para. 1: contrary to those cases enumerated above, reference to Article 1 in Article 93 is made for the purpose of excluding the benefit accruing to a Member under the provisions of Article 1. (See page of report).

CHAPTER II - EMPLOYMENT AND ECONOMIC ACTIVITY

Article 2.- Importance of Employment, Production and Demand in relation to the Purpose of this Charter

Article 3 - Maintenance of Domestic Employment

Article 4 - Removal of Maladjustments within the Balance of Payments

Article 5 - Exchange of Information and Consultation

Article 6 - Safeguards for Members subject to External Inflationary or Deflationary Pressure

Article 7 - Fair Labour Standards

Chapter II recognizes the close relationship between the level of world trade and the state of employment, production and effective demand in the respective countries of Members. In this way it modifies the conceptual over-emphasis on the simple removal of barriers to trade as the principal means of ensuring high levels of the international movement of goods. It recognizes further that the state of employment, production and demand is an international concern, since extreme fluctuations in the economic activity of a country, particularly of an important industrial country like the United States, will be transmitted to other countries through the demand for imports. Chapter II is a reflection of the influence that the economic philosophy of the late Lord Keynes is having on economic thinking in general and on broad national and international economic policy. The popularity of this Chapter rests largely with the smaller countries and the countries producing primary commodities. They feel that instability in the large industrial countries was responsible for their economic ills of the past.

The Chapter contains a broad undertaking by member countries to take measures consistent with their social and political conditions to maintain full employment and increasing levels of effective demand. There is no commitment to achieve such conditions.

The main point of the chapter is a rather negative warning to the large industrial countries, and more particularly the United States, that it would be impossible to achieve and maintain a substantial reduction in barriers to trade, if extreme fluctuations in the demand for goods is permitted to develop. Teeth are put into that warning by recognizing that a country may require to take action to protect itself against extreme fluctuations in other countries.

Article 2 - Importance of Employment, Production and Demand in Relation to the Purpose of this Charter. This article establishes the basic principle of the chapter, namely, that the maintenance of high levels of employment, production and demand are necessary conditions to achieve the purposes of the Charter.