

Article 6 (Safeguards for Members subject to Internal or External Deflationary Pressure) recognizes that Members may need to take action to safeguard their economies against inflationary or deflationary external pressure, and the Organization is required to take account of that factor when exercising its functions under other provisions of the Charter. In the case of deflationary pressure special consideration is to be given to the effect on a Member of a serious or abrupt decline in the effective demand of other countries.

Article 7 (Fair Labour Standards) is connected, to some extent, with the provisions relating to demand. It contains a recognition by Members that measures relating to employment must take fully into account the rights of workers under intergovernmental declarations, conventions, and agreements. Next, it is recognized that all countries are interested in the achievement and maintenance of fair labour standards related to productivity and in the improvement in wages and working conditions as productivity permits. There is also a recognition that unfair labour conditions, particularly in production for export, create difficulties in international trade. In relating fair labour standards to productivity cognizance is taken of the fact that varying standards of living and productivity obtain in various areas of the world. Low labour-costs in a country may well give that country an unfair competitive advantage in world markets. Again, a low level of demand arising from unfair labour conditions could preclude other countries from a vast potential market. Accordingly, the Article provides that each Member shall take whatever action may be appropriate and feasible to eliminate such conditions within its territory.

The Article provides that Members which are also members of the I.L.O. shall co-operate with it in carrying out the undertaking. The Organization is also required to co-operate and consult with the International Labour Organization on matters relating to labour standards referred to the Organization.

CHAPTER III.—ECONOMIC DEVELOPMENT AND RECONSTRUCTION

(Articles 8–15)

In the preceding chapter (Chapter II) the maintenance of full employment, the raising of effective demand, and the promotion of high but stable economic activity are the dominant considerations. Full employment is difficult to attain if lack of capital equipment, skills, and other facilities for development impedes the opening of new avenues for employment. A high, effective, demand is difficult to achieve in a country where potentially productive resources are exploited only to a limited extent. Stable but vigorous economic activity rarely