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COMMITTEE ON ARRANGEMENTS FOR CONSULTATION
WITH NON-GOVERNMENTAL ORGANIZATIONS

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PROPOSAL

submitted by the

WORLD FEDERATION OF TRADE UNIONS

to the 7th Session of the

ECONOMIC AND SOCIAL COUNCIL

concerning the Report of the Third Session of the
Economic and Employment Commission

1. The Economic and Social Council, in its Resolution 128 (VI) Section D, requested "the commissions of the Council to establish priorities of work, in their respective programmes, based on the urgency and importance of the projects in fulfilling the purposes of Article 55 of the Charter of the United Nations, and to indicate these priorities in their reports to the Economic and Social Council".

On the basis of this decision, the World Federation of Trade Unions considers that the Economic and Employment Commission, in the course of its Fourth Session should, in relation to the problem of economic stability, full employment and inflation, proceed to the study and formulation of concrete recommendations concerning practical steps to enable wage earners to safeguard and increase their purchasing power in the immediate, and not the distant, future.

2. The World Federation of Trade Unions is pleased to note that the Economic and Employment Commission, during its Third Session, undertook a broad study, in relation to the problem of economic stability and full employment, of the problems arising from inflation and the remedial measures called for.

The World Federation of Trade Unions emphasizes the conclusion arising from the work of the Economic and Employment Commission to the effect that "inflation causes a shift in the distribution of real income from wages and fixed incomes to profits and speculative gains".

The causes of inflation were very accurately stated in our opinion, during the Commission's discussions: shortage of raw materials and manufactured products; absence of an effective system of rationing of control of production, prices, and distribution; activities of speculators; differences in the relative rates of economic growth of the various countries; unbalanced world trade; and shortage of hard currency. Among the causes of inflation, special mention should also be made (as it was made by the Commission) of excessive military expenditure.

Finally, we express our full agreement with the Commission's view that action to counter inflation, as a long-term measure, should be directed to increasing the supply of goods rather than reducing the demand, since the latter measure is purely negative and calculated, under certain conditions, to cause unemployment.

3. The workers of all countries have proved their readiness during and since the last war to accept any sacrifice in order to increase production. Despite, however, the considerable efforts they have expended and the concrete results they have achieved, they have witnessed, and continue to witness, a constant shrinkage in their purchasing power since the war, while the real value of industrial profits has constantly increased.

The resultant situation provides a particularly glaring example of social injustice which jeopardises the entire policy of economic reconstruction and the success of international co-operation in the economic and social fields.

4. The Economic and Employment Commission has recognised the necessity, for the purpose of checking inflation, of introducing effective rationing of essential goods, rigorous control of prices and the effective application of progressive income taxation. Contrary to expectations, however, these measures, which some Governments have not applied sufficiently fully, have failed to counteract the fall in the purchasing power of wage earners.

Proposals should therefore be made on the basis of past experiments and in the light of their success or failure. Other points such as the control of profits and commercial investments should also be studied.

The World Federation of Trade Unions accordingly requests the Economic and Social Council to instruct the Economic and Employment Commission to take the above consideration as a guide for its work at its Fourth Session and, as soon as possible, to submit to the Economic and Social Council concrete recommendations for stabilising

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the purchasing power of wage earners and increasing it progressively as production increases. We feel that the trade union organizations in the countries concerned should be closely associated with the application in their countries of any measures proposed by the Commission.

Should the Economic and Employment Commission, in considering this question, decide to undertake any enquiries into the results of the experiments made in various countries, the World Federation of Trade Unions will ask to be associated with such enquiries directly and, where appropriate in co-operation, with its affiliated central bodies in the countries concerned.