

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL



GENERAL

E/CN.1/SR.97
25 January 1950

ORIGINAL: ENGLISH

ECONOMIC AND EMPLOYMENT COMMISSION

Fifth Session

SUMMARY RECORD OF THE NINETY-SEVENTH MEETING

Held at Lake Success, New York,
on Monday, 23 January 1950, at 11 a.m.

CONTENTS:

National and international measures for full employment: report by a
group of experts appointed by the Secretary-General (E/1584) (continued)

<u>Chairman:</u>	Mr. WILSON	Australia
<u>Rapporteur:</u>	Mr. DEUTSCH	Canada
<u>Members:</u>	Mr. GODEAUX *	Belgium
	Mr. NUNES GUIMARAES	Brazil
	Miss CHU **	China
	Mr. SILVERIO	Cuba
	Mr. JEANNENEY *	France
	Mr. SAKSENA	India
	Mr. HAAVELMO *	Norway
	Mr. FLEMING	United Kingdom of Great Britain and Northern Ireland
	Mr. LUBIN	United States of America

* Alternates

** Advisor

Any corrections to this record should be submitted in duplicate in either
of the working languages (English or French), within two working days, to the
Director, Official Records Division, Room F-520, Lake Success. Corrections
should bear the appropriate symbol number and be enclosed in an envelope marked
"URGENT". Corrections can be dealt with more speedily if delegations will be
good enough to circulate them in a mimeographed copy of the record.

RECEIVED

UNITED NATIONS

Representatives of specialized agencies:

Mr. EVANS	International Labour Organisation (ILO)
Mr. KING	International Bank for Reconstruction and Development
Mr. HEXNER	International Monetary Fund

Consultants from non-governmental organizations:

Miss SANSOM	International Chamber of Commerce
Miss SENDER	American Federation of Labor (AF of L)

Secretariat:

Mr. WEINTRAUB	Secretary of the Commission
Mr. VARLEY	Assistant Secretary of the Commission

NATIONAL AND INTERNATIONAL MEASURES FOR FULL EMPLOYMENT: REPORT BY A GROUP OF
EXPERTS APPOINTED BY THE SECRETARY-GENERAL (E/1584) (continued)

1. Mr. SAKSENA (India) raised a point of procedure concerning the nature of the report which the Commission must present to the Economic and Social Council under the Council resolution 221 (IX) E. The Commission had decided at an earlier meeting that it would consider the report in general without committing the Governments represented to a definite course of action; no formal resolution was to be adopted, and it had not been made clear what use was to be made in the Commission's reports of the comments and views put forward during the discussion of the experts' report. The representative of India felt that before proceeding further the Commission should take a formal decision on the subject. It would facilitate the rapporteur's task and clearly indicate the purpose of the discussion to the members of the Commission.

2. The adoption of formal recommendations having been ruled out, a number of other alternative courses remained open to the Commission. It could, for instance, as the United States representative had suggested, recommend to the Council that the experts' report should be commended for consideration by all Member Governments, their interested citizens, the specialized agencies and non-governmental organizations concerned, with the request that comments thereon should be transmitted to the Council

/for further

for further consideration. In the Indian representative's view such action would make detailed consideration of the report meaningless and futile at that stage, and only give the impression that the Commission, a body of experts, had refused to study even superficially the important questions dealt with in the experts' report.

3. Another possibility would be to continue the discussion of the experts' report and to transmit to the Council a summary thereof without indicating the Commission's collective will. The Council was not interested, however, in the individual views of the Commission members, but only in the conclusions reached by them as a body. Furthermore, such procedure might result in stressing some representatives' criticism -- such as that advanced by the United States representative -- thereby giving a distorted impression of the Commission's attitude towards the experts' report by implying a more negative stand than the Commission wished to take. Mr. Saksena was convinced that in the view of the majority, the recommendations of the report, notwithstanding their shortcomings, provided a sound basis for the determination of future policy and action, and any critical comments on the experts' report should not be regarded as a condemnation of the report, but merely as a suggestion for its improvement. Consequently, that procedure was not appropriate either.

4. The only acceptable method seemed therefore to let each representative state his opinion and suggestions on the specific recommendations in the experts' report in order that the Commission might arrive at some definite conclusion which it would present to the Council as its collective view. Questions on which there were fundamental differences of opinion should be decided by a vote. The Commission, in recommending the experts' report to the Council for transmission to Governments, could make it clear that the views it presented to the Council were not those of the Governments represented on the Commission, and could offer constructive suggestions on the recommendations contained in the experts' report. To do otherwise would be to follow a policy of procrastination on an important and urgent matter, and to leave the impression that the Commission was reluctant to deal with the report, which would be disastrous to that body's prestige.

5. Mr. LUBIN (United States of America) said that if the Indian representative's remarks represented the general view of the Commission, the
/situation

situation required clarification. It should be emphasized that the various comments made on specific aspects of the experts' report were not meant to be critical of the report itself. The problem was so serious that the Commission was not in a position to reach final conclusions for the time being.

Representatives were not opposing the idea of full employment, but were raising the question of the practicability of various aspects of the report in order to stimulate the finding of better solutions, and were seeking the consensus of opinion of Governments as to the best means of achieving their aims. His own Government was much interested in the experts' report and thought that its thorough study by Governments should be recommended.

6. Mr. FLEMING (United Kingdom) agreed with the remarks made by the United States representative and considered that it would be unfortunate if the impression were given that the Commission disapproved of the experts' report. He felt that the Commission should continue discussion and produce a report stating its views on the subject more clearly.

7. He did not agree with the Indian representative that the Commission should make concrete recommendations other than that for study by Governments suggested by the United States representative. The Commission was not in a position to make further recommendations since representatives were without detailed instructions from their Governments, and had not individually had sufficient time to study the report thoroughly.

8. He agreed with the Indian representative that the Commission's report should not consist of a series of summaries of individual views, but should set forth the views of the Commission on each recommendation of the experts. A report of such a type would be useful because representatives had some knowledge of governmental machinery in their respective countries. He suggested that the Commission's report should be submitted to Governments in conjunction, but in no way in competition with, the experts' report.

9. Mr. DEUTSCH (Canada), Rapporteur, held the same views as the United Kingdom representative concerning the form of the Commission's report, and did not feel that the Commission was at that time in a position to make concrete or alternative recommendations. No Member wished to set aside or disregard the experts' report, which was a very important and challenging document, and the subject of discussion in the Commission was

/whether

whether the methods proposed in the report were the best possible or whether more satisfactory methods could be suggested. The Commission was not criticizing the experts' proposals but elaborating them, making them more universally applicable and more practical. He felt that discussion on specific recommendations might be continued along the lines taken at the Commission's ninety-fifth and ninety-sixth meetings.

10. Mr. SILVERIO (Cuba) pointed out that the title of the experts' report referring to national and international measures for full employment did not correspond to its subject matter. Of the three types of unemployment listed in paragraph 19, the first and second types had been dealt with only briefly, and only the third -- that engendered by the insufficiency and instability of effective demand -- had been analyzed in detail. Thus in paragraph 29 the experts had stated that their assignment had been to report on national and international measures required to achieve full employment. In view of the history of the full employment pledge and the circumstances that had given rise to their assignment, however, they had confined themselves to considering unemployment resulting from a deficiency of effective demand. That factor which was relevant to industrialized or semi-industrialized countries alone, had been stressed throughout the report.

11. The Cuban representative felt, therefore, that the Rapporteur, in drafting the Commission's report, should make it clear that the Commission, without ignoring the other problems involved, had concentrated on one type and one cause of unemployment, and that the measures studied were primarily suited for industrialized and semi-industrialized countries and not for under-developed or predominantly agricultural countries.

12. The CHAIRMAN agreed that certain recommendations must doubtless be transmitted to the Council; the question was only to what problems the recommendations should relate.

13. In the light of the preceding discussion he thought it best to proceed with the general consideration of the report. He felt sure that the Rapporteur in drafting the report would take into consideration the different views voiced during the debate. Furthermore, the report would be put before the Commission for its approval before being transmitted to the Council.

/14. Speaking

14. Speaking as the representative of Australia, the Chairman agreed with the United Kingdom and Canadian representatives on the nature of the report which should not merely recapitulate the individual views expressed in the Commission, but should state the generally accepted view which need not necessarily be unanimous. The question of the emphasis to be placed in the report on the various opinions expressed might be considered when the draft report was submitted to the Commission.

15. Mr. NUNES GUIMARAES (Brazil), speaking on section A of part III of the experts' report, wished to make a few clarifying remarks with regard to the economy of less developed areas.

16. Paragraph 20 stated that in under or less developed countries unemployment did not exist in the sense applied to highly industrialized countries, but was disguised in the form of under-employment. That was equal to stating that in backward areas the problem of unemployment did not lead to the disastrous consequences experienced in highly industrialized countries in the 1930's.

17. Turning to paragraph 147, he agreed with the experts' opinion that Governments of less developed countries should endeavour to define the target in terms of the volume of industrial employment, rather than in terms of a percentage of unemployment, and that the target figures should be raised year by year in accordance with the growth of industrial capacity. As a number of representatives had already pointed out, percentages might be impracticable, even in the case of countries for which statistical data were available.

18. He agreed with the conclusions reached in that paragraph for the following reasons. As the Canadian representative had stressed a number of times, the economies of less developed countries were undergoing continuous structural changes which led to their industrialization. Light industries -- and in some countries like Brazil, Chile and India, even heavy industries -- had been established mainly to absorb the excess population which had been unable to find employment in such primary industries as agriculture and mining. The rate of industrial development had been greatly accelerated during the past war, occasionally at the expense of agriculture. Unable to import goods, many countries had had to rely on their domestic industry to supply the basic needs of their increasing populations.

/Other

Other industries had been expanded for the sole purpose of providing military aid to the United Nations.

19. All those industries must rely on the domestic market, and could not compete for foreign markets with the more highly developed industries of industrially advanced countries. Thus, in Brazil the export of manufactured goods had declined from 20 per cent of the total export in 1943 to about 3 per cent in 1948. The situation of such industries supplying the domestic market indicated to a certain extent the economic situation of the country as a whole since the economy of less developed areas depended largely upon the exports of primary products. Consequently, the expansion or contraction of the volume of employment in all industries gave an indication of the general economic situation of a country's economy as a whole.

20. Mr. Nunes Guimaraes therefore felt that whenever reliable statistical data were available, less developed countries should endeavour to keep an index of industrial employment as suggested in paragraph 147 of the experts' report.

21. With reference to section A as a whole, he thought that the Commission should state in its report to the Council that, in its view, the first step towards a sound anti-cyclical policy was to ensure reliable and comparable employment statistics for every Member State. The International Labour Organisation might be asked to urge all Governments which so far had not established reliable industrial employment statistics to speed up their work in that regard. He felt that general criteria, though difficult to establish, were necessary for the compilation of employment statistics in order to avoid difficulties of interpretation with regard to employment indexes mentioned by the United States representative at the preceding meeting.

22. Mr. SAKSENA (India), as representative of an under-developed country, agreed with the Brazilian representative's remarks. It was true that unemployment in under-developed countries had a different aspect. First, no adequate statistical data on unemployment were available in view of the fact that in periods of unemployment workers returned to their villages, sought other forms of occupation, or were kept on at reduced wages. As a result, unemployment remained concealed until it finally became felt in agriculture.

23. On the other hand, industrial development in under-developed countries was so limited that unemployment assumed only slight proportions. Unemployment,
/Mr. Saxena

Mr. Saksena felt, was not caused by lack of demand, but by lack of capital equipment, machinery and other prerequisites. Consequently, the suggestions put forward by the experts in the paragraphs in question did not cover the situation in under-developed countries. The only effective way to reduce unemployment in less developed countries was to promote their industries and capital development. Neither of those aspects had been dealt with in the experts' report, and he could therefore not deal with the paragraphs in question in any great detail.

24. Mr. LUBIN (United States of America), referring to the statements made by the representatives of Brazil and of India, wished to supplement the remarks he had made at the previous meeting regarding section A of the report under discussion, as he felt that the two representatives mentioned had raised important points which were worthy of reemphasis and which should be drawn to the attention of Governments when they considered the report.

25. As he had stated at the previous meeting, he fully agreed that there should be an employment and an unemployment target, although he disliked using the word "target" in connexion with unemployment. The situation described by the representatives of Brazil and of India was equally applicable to a highly industrialized country such as the United States of America. In times of serious depression millions of people left industries and went to the farms where they were under-employed, but such persons did not appear in the unemployment statistics. That fact was of sufficient importance in highly industrialized countries which also received a large part of their national income from agriculture, to justify the idea that, in speaking of targets both employment and unemployment targets should be borne in mind. An employment target meant that there was constant stimulus to develop programmes of work, and government, business and private activities attempted to generate forces necessary to bring about a high level of employment.

26. If the only figure used by Governments was the unemployment level, there was a tendency not to take steps to avoid unemployment until that danger was being approached.

27. He wished to emphasize, as he had said during the general discussion, that all efforts should be made to harmonize stabilization and full employment with social goals and economic development. With such goals in view, full employment became a concomitant of economic development, and that was very necessary.

/28. It should

28. It should not be forgotten that there could be full employment with low standards of living, and if full employment was a goal in itself the important goals of higher standards of living and economic development, which were a basis of civilized activity, might be overlooked.

29. It was the policy of the United States Government to have a continuous full employment programme with the maximum of economic security, always within the concept of maximum individual freedom.

30. Referring to the use of unemployment alone as a danger signal, he stressed that any aggregate figure regarding unemployment contained many elements, and Governments should bear in mind the composition of the unemployed population when making suggestions regarding the problem of full employment and the use of an aggregate figure. Unless it was known how the unemployed population was made up, an aggregate figure of such unemployment might induce a government to take a type of action which would not necessarily lead to the solution of the problem.

31. A second factor to be taken into account in determining what action a Government should take regarding unemployment was the duration of that unemployment. The aggregate figure might rise and yet not be sufficiently significant for the action recommended to be taken, and therefore the use of an aggregate figure in determining what action should be taken regarding unemployment might be misleading.

32. Mr. HAAVELMO (Norway), referring to section B of the section on Domestic Measures in part III of the report, felt that members of the Commission should not only criticize those points in the report with which they did not agree, but should also express positive opinions with regard to sections which deserved special emphasis. He fully agreed with the remarks contained in paragraph 148 to 152 of the report, as he considered that the authors had succeeded in interpreting the full employment pledge by which all countries should be guided. There was no excuse for a country which accepted large-scale unemployment. Although it had been suggested that a country might accept considerable unemployment in order to promote economic adjustment and development, he felt that modern society could not agree with such a principle, and he fully supported the authors of the report in their rejection of that principle.

33. He felt that some of the points in the paragraphs mentioned might have been given greater emphasis, such as, for example, the need for maintaining full employment more directly in terms of its basic goal -- that of the maintenance of the optimum flow of useful goods and services.

34. In paragraph 154, the main emphasis had been placed on the difference between government expenditure and receipts as a paramotor of government action to influence demand. As was well known, the absolute levels of receipts and expenditure also influenced total demand. Government receipts which were fully spent had an expansionary effect, as had been stated by one of the authors of the report under consideration.

35. He felt that the idea expressed in paragraph 154, that excessive demand or inflationary pressure was in some sense the opposite of unemployment, might lead to some misunderstanding. It was important to bear in mind that if what was known as the "danger of inflation" was to be anything but a loose phrase, Governments must think in terms of the possible real effects of inflation as regards employment or production, or both. In real terms there was no such thing as "excess demand" -- there was only a lack of goods in relation to human needs. The real problem was, therefore, how to increase employment and production. The idea that prices were "too high", "too low", or "increasing too much" should not be entertained unless there were circumstances which had a real detrimental effect upon the level of employment and output. Inflationary tendencies were not in themselves a symmetrical opposite to unemployment and low production. If they were evils, they were of the same kind as unemployment, namely the evils of waste of resources. If that fact was borne in mind the measures to control inflation might be quite different from those required to expand effective demand.

36. The reference in paragraph 156 to local government suggested that for the purpose of an efficient employment policy it was desirable to regard society as made up of several sections such as private firms, private households, local governments, each with its own characteristic behaviour pattern. Norway had found such division very useful.

37. Referring to the methods needed to handle simultaneously a large set of economic measures such as those indicated in the report, he pointed out that often a knowledge of the effects upon employment and production of such measures as the lowering of tax rates, increased public expenditure, and changes in income distribution was felt to be sufficient to enable the final result of such effects to be judged. That, however, was not so, because of the relationship between the various economic groups in a society. The first step to be taken in order to handle such a complex problem would be to take stock of the relevant economic variables that were to be brought into the analysis. One important step would be the setting up of systematic national income and national budget accounts. Only after the framework within which the effects of the various policy measures were to be discussed had been clarified could anyone feel reasonably sure with regard to the final effects of measures to be applied. He felt, therefore, that the need for economic research in managing programmes of the type being discussed by the Commission could not be over-emphasized.

38. Mr. FLEMING (United Kingdom) said he agreed with the approach the authors had made to the problem of a continuing programme for full employment and economic stability. He supported the idea that employment policy was an aspect which should influence all the activities of Governments, and that all such activities should be co-ordinated with a view to ensuring, among other things, that a sufficiently high volume of aggregate demand for goods, services and labour was generated. He felt that some of the members of the Commission whose experience of the practical problems of trying to maintain and control a certain level of aggregate demand was derived from the post-war period, might be in danger of under-estimating the difficulties of the task because so far the problem had primarily been one of keeping down the level of demand. In the type of economic systems which had been generally evolved in industrial countries during the war and the post-war period, there had been various methods of restricting demand, and the problem had been to use such methods as rent and price controls, dividend limitation, and so forth. The problem was not as simple when it was a case of maintaining or stimulating demand. So far, he

/felt that

felt that only the United States of America had had some experience of the latter problem. It seemed to a distant observer that the success which the United States Government had had in maintaining demand, and of regulating a small decline in demand which had set in in 1949, had been made easier by a number of fortuitous circumstances.

39. He had very little confidence in the possibility of Governments being able to avoid quite significant fluctuations in aggregate demand merely by attempting to estimate what private investment was going to be, what exports and imports were going to be, and then trying to adjust public investment and consumption. He did not feel that such methods alone would be able to prevent important fluctuations of the order of 5, 6 or 7 per cent. It might happen that, in order to ensure a continuous level of real high employment not varying more than 1 or 2 per cent, it would be necessary continuously to maintain in some parts of the economy a state which had been referred to as one of excess demand or slight inflationary pressure. He was sure that it would not be possible to maintain what was regarded as reasonable full employment without having shortages of labour at least in certain parts of the economy. If he criticized the report before the Commission it was because it glossed over that difficulty. If members of the Commission shrunk from such a conclusion, and contented themselves with a lower level of employment and tried to maintain aggregate demand by planning various sectors of that demand by techniques recommended in the report, then he felt that it would be extremely important to have various short-term stabilizers which could be brought into action quickly if planning measures did not succeed in maintaining as much stability as was wished for.

40. He considered that the view expressed in the report regarded the use of public investments as a medium type of stabilizer. He favoured another and slightly more pessimistic view. It was difficult to use public investment as an offsetting and compensatory mechanism to any great extent, partly because of the fact that government was not homogeneous, and various elements such as private investment required consultation and co-ordination which might cause delays. He would have thought that, on the whole, the more hopeful approach was to "squeeze" the investment sector of the economy ^{and} expand consumption

/demand

demand and exports, so that there would be a greater tendency for private investment to stabilize itself, rather than to allow private investment to fluctuate wildly. If the public investment programme was large and consumption was also large, so that private investment was to some extent "squeezed", the tendency would be for it to become more stable.

41. The authors of the report were a little pessimistic on the subject of the use of the old-fashioned technique of banking credit policy and interest rates as a method of controlling private investment. It was true, however, that in a deep depression those methods were ineffective, because negative rates of interest had to be reached before sufficient stimulus could be provided. If, however, general demand for private investment could be maintained at a fairly high level, he felt that interest rate policy might not be ineffective.

42. The representative of the International Labour Organisation had mentioned in particular the problem of stabilizing inventory investment. It was one of the merits of the old-fashioned credit policy and interest rate technique that it did not affect that type of investment. Mr. Fleming was not sure what should be done about the problem of inventory investments. Where the state or some public authority acted as producer or wholesaler a certain amount of offsetting of inventory variation could take place more or less automatically.

43. The report before the Commission referred to the difficult problem of stabilizing prices and incomes of primary producers. It seemed that the problem of how to administer the policies mentioned by the report in such a way as to distinguish cyclical factors from structural factors, had not been solved. Perhaps there was no automatic solution, and everything must be left to the judgment of governments. He wondered, however, whether it might not be worth the Commission's while to consider the problem of anti-cyclical commodity policy as another of the possible subjects for special study which might be mentioned in the report to the Economic and Social Council.

44. Mr. WEINTRAUB (Secretariat), referring to the simplicity of the full-employment target, said that in devising their recommendations the experts had been aware of the fact that they were making the target simple and had intentionally done so in order that there might be a definite signal for the undertaking of the emergency action recommended. In that connexion he drew the Commission's attention to the footnote on page 40 of the experts' report.

/45. He further

45. He further drew attention to paragraph 165 of the report and to the last sentence of paragraph 76, and said that the simplicity of the target proposed should be viewed in the light of those statements.

46. Mr. LUBIN (United States of America) felt that Mr. Weintraub's comment was pertinent and reinforced his statement that something must be known of the composition of aggregate unemployment figures in order to enable the simplest action appropriate to the circumstances to be taken.

47. He drew attention to paragraph 181 of the report, which indicated the necessity for the continued expansion and improvement of statistical services but pointed out that the mere existence of statistical data was of little value unless it was correctly interpreted. Giving an example of the misuse of statistics, he said that the Czechoslovak representative had correctly quoted figures from the United States Bulletin for December 15, 1949, from which he had deduced that the unemployment position in the United States was serious. He had, however, used figures on the total number of hours worked which referred to the weeks in which the 4th of July and Labor Day holidays fell.

48. Mr. Lubin hoped the Commission would be able to recommend to the Economic and Social Council and in particular to the Secretary-General that the recommendation in paragraph 150 of the report, on which he felt quick action to be desirable, should be implemented. He also suggested that the statements by Governments referred to in that paragraph should be periodical.

49. His Government heartily endorsed the recommendation in paragraph 161, and he pointed out that the Federal Government had authorized an expenditure of one hundred million dollars for work of that type.

50. Referring to the control of monopoly prices as a means of increasing consumer demand, mentioned in paragraph 162, he said it appeared that the experts assumed the continued existence of monopolies and of price control. The question of monopoly prices as a means of controlling full employment should be investigated, and he, personally, felt that the elimination of monopolies would leave room for increased private investment. The subject was partly dealt with in Mr. Clark's statement annexed to the report.

51. Mr. EVANS (International Labour Organisation) said several members had drawn attention to the general recommendations on public investment in paragraphs 159 to 161 of the report. It might be conceded that too much reliance should not be placed on public investment policies because they would not alone be sufficient to combat unemployment. Lest any misconception concerning the concept of public works might however subsist, he quoted the Public Works (National Planning) Recommendation, 1937, which referred to "all such works (including works in colonies) undertaken by central authorities, regional or local authorities, public utility undertakings, or any body or individual in receipt of subsidies or loans from a public authority" (E/CN.1/72, page 10).

52. In the light of present day circumstances that definition was very wide, particularly in countries in which important industries such as railways, coal mining and public utilities had been brought under public control, and it showed the possible range of government action in the field.

53. The experts had rightly stressed the importance of co-ordinating the public works programmes of central and local governments and of other quasi-autonomous public bodies, and of devising the necessary financial plans to make such co-ordination effective (paragraph 160). That paragraph, however, merely pointed to a vast complex of measures which in most countries were still inadequately planned. It should not be thought that because industries had been brought under public ownership, their investment policies were necessarily governed by the policy of the central government. As an example, he pointed out that in the pre-war period, the railways of continental Europe, at that time mostly government controlled, had contributed substantially by their purchases or production of rolling stock and other equipment to the aggravation of the cyclical depression in the iron and steel industries. Had that policy been reversed, the level of employment would have kept somewhat more steady and the railways might have obtained their stock at lower average prices. Such action, however, could not be taken in the case of autonomous para-statal bodies unless appropriate financial and ad hoc arrangements had been made in advance.

/54. It was further

54. It was further suggested in paragraph 158 that the State might influence demand for privately produced goods. But procedures had still to be worked out which would translate a more or less foreseeable demand from State controlled industries into assurances to individual privately owned producers about their anticipated future scale of production, so that the latter might be in a better position to give some guarantees of steady employment to their workers. Mr. Evans suggested that there were in that field a number of measures which might require further enquiry.

55. Concerning a similar problem in the public construction industries, he drew members' attention to document E/CN.1/77 which contained some of the conclusions reached by the Building, Civil Engineering and Public Works Committee of the ILO at its session in Rome in March 1949. Those ideas were embodied, in greater detail, in the volume on Public Investment and Full Employment (Montreal, ILO, 1946).

56. Concerning the special proposals on social security, he felt that whatever views might be held as to the economic theory of the question, the methods of application of the proposals required more consideration. In many cases, social insurance funds, particularly pensions funds, were still on a capitalization basis. A trend away from that basis towards the pay-as-you-go system did exist, but where, as in many countries, social security funds were held in autonomous funds, the solvency of the funds would be in danger unless the government made good the deficiency. In the second place, where contributions were waived or reduced, it was frequently difficult, politically, to restore them later.

57. If the Commission thought that matter required further consideration, Mr. Evans suggested that it should refer it to the ILO, which would be happy to co-operate in its study.

The meeting rose at 12.45 p.m.