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SUMMARY RECORD OF THE HUNDRED AND TWENTY-FIFTH MEETING

Held at Headquarters, New York
on Tuesday, 29 May 1951, at 10.30 a.m.

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Chairman:

Mr. NUNES GUIMARAES

Brazil

Members:

Mr. BUNGE

Argentina

Mr. BURY*

Australia

Mr. MASOIN*

Belgium

Mr. WOLFSON*

Canada

Mr. CHA*

China

Mr. NOSEK*

Czechoslovakia

Mr. DAYRAS*

France

Mr. SAKSENA*

India

*Alternates

Members: (continued)

Mr. BJERVE*	Norway
Mr. MADRIGAL	Philippines
Mr. KATZ-SUCHY	Poland
Mr. CHERNYSHEV	Union of Soviet Socialist Republics
Mr. WILSON*	United Kingdom of Great Britain and Northern Ireland
Mr. STINEBOWER	United States of America
Mr. LANG	Yugoslavia

Representatives of specialized agencies:

Miss BANOS	Food And Agriculture Organization (FAO)
Mr. LOPEZ HERRARTE	International Bank for Reconstruction and Development

Representatives of non-governmental organizations:Category A

Miss KAHN	World Federation of Trade Unions (WFTU)
Miss SANSON	International Chamber of Commerce (ICC)
Mr. BROPHY	International Confederation of Free Trade Unions (ICFTU)

Secretariat:

Mr. WEINTRAUB	Secretary of the Commission
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REPORT OF THE GROUP OF EXPERTS APPOINTED BY THE SECRETARY-GENERAL UNDER ECONOMIC AND SOCIAL COUNCIL RESOLUTION 290 (XI) ON MEASURES TO REDUCE UNEMPLOYMENT AND UNDER-EMPLOYMENT IN UNDER-DEVELOPED COUNTRIES IN LIGHT OF REQUIREMENTS OF ECONOMIC DEVELOPMENT (E/1986); DISCUSSION OF COMMISSION'S DRAFT REPORT (E/CN.1/L.17)

Mr. NOSEK (Czechoslovakia) wished to emphasize, as a result of the procedure followed the previous day in discussing the Commission's draft report that the basic requirement of any report was that it should give a clear and factual record of the proceedings and should indicate all the opinions expressed in the course of the discussion and not only the majority view.

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) wished to thank the Secretariat for its promptness in making the corrections to the summary record which he had requested the previous day.

/Paragraph 16

Paragraph 16

Mr. STINEBOWER (United States of America) pointed out that the preface quoted applied to only two of the eight recommendations in Section A. He therefore proposed that a full stop should be placed at the end of the first line in paragraph 16, and that the second line should begin "The first two are prefaced..."

It was so agreed.

Mr. BUNGE (Argentina) proposed the insertion of a statement outlining the view he had expressed during the general discussion. He proposed that after the words "It is the view of the Commission", the following should be inserted:

"that, although these recommendations are of high value, they constitute the enunciation of rather general principles of public administration or are generalizations concerning measures of economic policy to be taken by governments. On the other hand, they only cover a part of what can be recommended in such a general way. The Commission understands therefore that such recommendations should be regarded as an outline of the general basis on which plans or programmes might be elaborated by interested governments, taking into account the particular circumstances of their respective countries. Moreover, the Commission is also of the view that it would be inappropriate..."

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) recalled that he had submitted an amendment to the preamble to the experts' recommendations (E/CN.1/L.14), and suggested that the report should state that the Commission would consider it appropriate to substitute that amendment for the original.

Mr. NOSEK (Czechoslovakia) supported the USSR amendment. His delegation had emphasized the importance of taking into account the particular stage of economic development of each country in making recommendations. The phrasing of the existing preamble was too schematic and mandatory, and contrary to the principle that each under-developed country should decide for itself the measures it considered most appropriate for its development.

/Mr. MASOIN

Mr. MASOIN (Belgium) supported the incorporation in the report of the Argentine representative's amendment.

Although the amendment submitted by the USSR representative was perhaps more explicit, the idea behind it was already covered.

Mr. DAYRAS (France) expressed some doubts about the penultimate sentence in the paragraph and thought it might be desirable to amend it.

He suggested that the Argentine amendment should be amended by the substitution of "on which plans or programmes ought to be elaborated" for "on which plans or programmes might be elaborated", but would not insist upon that amendment if the Commission was unanimous in accepting the original Argentine proposal.

Mr. WOLFSON (Canada) proposed that in line 8 of that paragraph of the report the words "while strongly urging their adoption" should be inserted after "statement which".

On the Canadian representative's suggestion, the Argentine representative's proposal was amended to read as follows:

"... measures of economic policy to be undertaken by governments...

The Commission understands, therefore, that such recommendations should be regarded as an outline of the general basis of the framework within which plans or programmes ought to be elaborated and implemented by interested governments."

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) proposed that the second sentence of the paragraph should be amended to read: "leaves governments of under-developed countries free to decide for themselves on the acceptability of any of the recommendations in group A in the light of...", and said that, if that proposal were accepted, he would withdraw his original amendment (E/CN.1/L.14).

Mr. STINEBOWER (United States of America) ^{proposed} objected to that wording of the second sentence on the ground that no United Nations organ except the Security Council could make the adoption of any recommendation mandatory, and there was therefore no reason for considering that the language used by the experts would appear to make the adoption of their recommendations mandatory.

/The Commission

The Commission finally agreed on the following drafting:

"The Commission recognizes, of course, that the governments of under-developed countries are free to decide for themselves on the acceptability of any of the recommendations enumerated in group A in the light of the conditions which exist in their countries."

Mr. STINEBOWER (United States of America) proposed that the Canadian representative's suggestion might be taken into account by redrafting the last sentence as follows: "In fact, the Commission feels that all of the recommendations in group A should be commended to the Council for consideration and makes below a number of suggestions which are designed to strengthen some of them."

Paragraph 16, as amended, was approved.

Paragraph 17

Mr. STINEBOWER (United States of America), supported by Mr. WOLFSON (Canada), thought it would be a mistake to make the deletion recommended in the second sentence of paragraph 17. It was important to make an affirmative statement which would encourage the people of the under-developed countries. A government's declaration of its intention to take progressive action would do much to create a favourable climate.

Mr. MASOIN (Belgium) supported the United States representative's attitude on condition that a phrase was inserted which would make clear that it was the government's intention to take concrete action and not merely to express a general desire for such action.

Mr. WEINTRAUB (Secretariat) proposed the following drafting, based on the suggestions of the representatives of the United States and Belgium, which met with general approval:

"With respect to Recommendation No. 1, the Commission suggests that should the Economic and Social Council consider it desirable to adopt a recommendation along the lines of the experts' recommendation No. 1, it should consider including after the words "to take", the phrase "and in fact take."

/Mr. WILSON

Mr. WILSON (United Kingdom) suggested the insertion in the paragraph of a sentence to the effect that "in doing so, it should have regard to the formidable problem of education which is entailed in such reforms as these."

Mr. BJERVE (Norway) felt that some reference should be made to the question of taxation mentioned in Recommendation 1. As the Chairman had previously pointed out, the phrase "taxation upon a progressive basis" was ambiguous. It also gave rise to complicated problems and he could not therefore subscribe to its use without some qualification. He would personally prefer to substitute the phrase "the improvement of the taxation system".

The CHAIRMAN supported the Norwegian representative's suggestion. The point was extremely important, inasmuch as one of the main problems facing the under-developed countries was that of capital formation without the imposing of an undue burden on labour.

Mr. WEINTRAUB (Secretary of the Commission) pointed out that, if it was a question of interpreting the phrase used by the Group of Experts, what he latter had intended to convey was that the tax system should be so organized that it placed the burden on those best able to pay.

Mr. WOLFSON (Canada) remarked that other considerations also arose, for example, the problem of capital formation, to which the Chairman had drawn attention. He suggested the phrase "the establishment of taxation on a basis appropriate to the needs of development of the under-developed countries."

Mr. MASOIN (Belgium) said it was clear from the relevant chapters of the report that, in making their recommendation, the experts were concerned to reduce the consumption of the wealthiest classes in the interests of domestic capital formation, either by means of direct taxation or by other methods of taxation. Their aim was not so much a system which would secure social justice as one which would promote economic development. He therefore supported the Canadian representative's suggestion.

Mr. CHERNYSHEV

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) thought that the wording proposed by the Canadian representative would be open to a variety of interpretations, according to the section of the population concerned. It seemed to him that the phrase used by the Group of Experts, which was based on the mathematical concept of direct progression, accurately expressed what they had in mind. He much preferred it to the Canadian representative's proposal.

Mr. DAYRAS (France) suggested that the Commission might interpret the phrase used by the Group of Experts as a system of taxation in the interests of economic development and social justice.

Mr. STINEBOWER (United States of America) suggested that the Commission should abandon the attempt to interpret the phrase used by the Group of Experts and instead should state its own views. It might indicate that, while it agreed with the experts that progressive taxation of the kind proposed was an indispensable factor in economic development, the under-developed countries -- and some developed countries also -- were faced with problems in raising revenue, inflation, social justice, capital formation and the fiscal machinery for tax assessment and collection. While the recommendations of the Group of Experts were helpful, it would be necessary for any comprehensive study of the subject to cover all those fields.

The CHAIRMAN proposed that the United States representative should draft a paragraph on those lines for consideration by the Commission.

Mr. WOLFSON (Canada) agreed with the USSR representative that his proposal was ambiguous. He would therefore withdraw it. Instead, he would suggest that the paragraph to be drafted by the United States representative should include a statement to the effect that the progressive system of taxation advocated by the USSR representative, although attractive from the standpoint of social justice, might not at certain stages best serve the interests of economic development. In framing their taxation policy, the under-developed countries had a number of factors to take into account in addition to the requirements of social justice; they might in fact find it necessary to alter their taxation system from time to time in the interests of economic development.

Mr. BJERVE (Norway) agreed with the Canadian representative that it was sometimes necessary to choose between social justice and other aims of economic policy. There was, however, more than one way of securing social justice. It could be achieved by progressive taxation, and also by a combination of taxation and subsidies, which had been employed on an increasing scale in the Scandinavian countries. The latter method might be even more effective in achieving that objective and might also contribute to economic development.

He considered that the United States proposal was preferable to his own, which he would accordingly withdraw.

Mr. MADRIGAL (Philippines) said that the question of taxation had been considered in his country in connexion with the preparation of development programmes. The Bell Mission had recommended an increase in taxation, an improvement in the condition of the workers and the introduction of import controls through taxation. It was impossible to leave each country to evolve its own system of taxation at the whim of its rulers; the system adopted must be related to the specific needs of economic development.

The CHAIRMAN, speaking as representative of Brazil, drew attention to the fact that in many under-developed countries the major problem was to improve the collection of taxes. In his view, the Commission should emphasize that point not only in regard to income tax, but in regard to all fields of taxation.

Mr. WILSON (United Kingdom) suggested that, since the report of the Group of Experts had been criticized for its failure to take sufficient account of the inflationary situation, which at present existed, it would be appropriate for the Commission to draw attention to the proposals in paragraph 115 of that report. In that connexion he referred to the operations of the Cocoa Marketing Board in the Gold Coast, which had decided not to devote all its funds to stabilizing the incomes of cocoa producers, but to use a certain proportion for educational purposes.

He also suggested that the following sentence should be added at the end of the paragraph: "for example, two members thought that reference might be made to the laws of inheritance." Such a reference was pertinent, in view of the effect those laws had on productivity in a number of countries, in which they resulted in an excessive fragmentation of land holdings.

/The CHAIRMAN

The CHAIRMAN proposed that the Commission should suspend its discussion of paragraph 17 until a revised text had been circulated.

It was so decided.

Paragraph 18

Mr. BUNGE (Argentina) proposed that the words "and other organizations" should be inserted after the word "departments" in the ninth line of the paragraph.

Mr. WILSON (United Kingdom) suggested that the sentence "it also contained the suggestion that the development programmes elaborated by the under-developed countries should reflect not only their overall programmes but also the programmes for various sectors of the economy" should be deleted and replaced by the following: "and a budget for other sectors of the economy". He also proposed that the word "regional" in the tenth line of the paragraph should be replaced by the word "local", and that the following sentence should be added at the end of the paragraph: "It was also pointed out that some countries may find it expedient to concert their activities in the field of economic planning with other countries on a regional basis".

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) was opposed to the general trend of paragraph 18, which he regarded as unduly categorical. The co-ordination of economic planning was a matter for each country to decide for itself. Moreover, the paragraph marked a departure from the principle of centralized planning and he therefore preferred Recommendation 2.

Mr. BJERVE (Norway) pointed out that there was no question of departing from centralized planning. The Commission was merely expressing the view that other units of government, such as organs of local government, should take part in planning in addition to the central planning unit. He would, however, prefer to omit the reference to paragraph 220 of the report of the Group of Experts.

The CHAIRMAN, speaking as representative of Brazil, emphasized that reliable estimates of national income were essential to the implementation of

Recommendation 2 and that many under-developed countries did not have such estimates. He accordingly proposed that the following sentence should be included "Taking into account the complexities of economic life and recognizing that in carrying out Recommendation 2 it is fundamental to have reliable estimates of national income: and considering that many under-developed countries have no such estimates; the Commission believes that the Council should draw the attention of the under-developed countries to General Assembly resolution 403 (V), which recommends to these countries that they devote special attention to studies directed towards the calculation of their national income, and its distribution."

Mr. WOLFSON (Canada) suggested the insertion of the words "and other economic activities" after the words "estimates of national income" and of the words "its composition" after the words "the calculation of their national income".

Mr. KATZ-SUCHY (Poland) proposed that the discussion of paragraph 18 should be suspended until a revised text had been circulated.

The proposal was accepted.

Paragraph 19

Mr. KATZ-SUCHY (Poland) thought that, as the Commission had not yet considered the resolution contained in Appendix A, it was premature to include a reference to it in the Commission's report.

The reference to the two additional recommendations seemed to him inadequate. The recommendation regarding the relationship between economic development and population growth had given rise to considerable discussion and divergent views had been expressed. Those views should find expression in the Commission's report.

Mr. WOLFSON (Canada) proposed that, to meet the Polish representative's point, Appendix A should be discussed as an integral part of paragraph 19. He also proposed that the sentence dealing with the two additional recommendations should be deleted, in view of the fact that the recommendations were dealt with elsewhere in the Commission's report.

/Mr. DAYRAS

Mr. DAYRAS (France) agreed with the Canadian representative's proposal. He reserved the right, however, to ensure that the question of the relationship between economic development and population growth was satisfactorily covered in some part of the report.

The meeting rose at 1 p.m.