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23 July 1947
ORIGINAL: ENGLISH

FIFTH SESSION
ECONOMIC COMMITTEE

SUMMARY RECORD OF THE FIFTH MEETING

Held at Lake Success, New York, on Monday, 21 July 1947 at 4:15 p.m.

Present:

Chairman:	Mr. Radimsky	(Czechoslovakia)
	Mr. Kaminsky	(Byelorussian Soviet Socialist Republic)
	Mr. Martin	(Canada)
	Mr. Gonzales	(Chile)
	Mr. Chang	(China)
	Mr. Belt	(Cuba)
	Mr. Ordonneau	(France)
	Mr. Sen	(India)
	Mr. Malik	(Lebanon)
	Mr. Patijn	(Netherlands)
	Mr. Thorn	(New Zealand)
	Mr. Moe	(Norway)
	Mr. de Laval	(Peru)
	Prof. Sur	(Turkey)
	Mr. Chernyshev	(Union of Soviet Socialist Republics)
	Mr. Phillips	(United Kingdom)
	Mr. L. Stinebower	(United States of America)
	Mr. d'Ascoli	(Venezuela)

Representatives of Specialized Agencies:

Mr. Riches (ILO)

Observers: Mr. Lopez Herrarte (BANK)
Mr. Williams (FUND)

Secretariat: Mr. A. D. K. Owen (Assistant Secretary-General for
Economic Affairs)
Mr. Paul Deperon (Director, Fiscal Division)

Report of the Fiscal Commission (Documents E/440, E/440/Add.1)

Mr. MOE (Norway) referred to paragraph 17 (b) of the Report (document E/440) according to which more posts would have to be created and asked for an explanation concerning the nature and necessity of those additional posts.

Mr. DEPERON (Director of the Fiscal Division) replied that the Fiscal Commission recommended the resumption of the publications of the League of Nations interrupted by the war; those publications were: "Public Finance", a collection and analysis of data on public finance, and "Collection of Tax Treaties". If the posts were not created, the work which was already behind schedule, would be delayed for a number of years.

* Henceforward summary records of the Economic Committee will be issued under the symbol E/AC.6/SR. There will be no documents issued under the symbols E/AC.6/SR.1 to 4 inclusive.

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/Furthermore,

Furthermore, the programme envisaged was broader in scope than the one carried out by the League. The staff then employed was larger than the one employed by the Fiscal Division at the present time.

The CHAIRMAN proposed the approval of paragraph 16 (a) of the Report.

DECISION: Paragraph 16 (a) was approved.

Mr. STINEBOWER (United States of America) objected to the financial implications of paragraphs 8, 9, and 10 of the Report. Since the available funds were limited, priorities should be established among the tasks contemplated by the Fiscal Commission, in the following order:

1. The performance of service functions required by the terms of reference;
2. The collection of data on which the Commission would base recommendations of substance;
3. The compilation and publication of data in order that the information collected by the Commission could be made available to a large number of users;
4. The continuation of the work of the League of Nations in the field of international taxation, etc.

Some of those tasks might be dropped if funds were limited.

Mr. MARTIN (Canada) considered that priority should be given to fiscal research interrupted during recent years.

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) stated that the proposed programme was discussed at length by the Fiscal Commission of which he acted as Chairman. The Commission also gave careful consideration to the financial implications of its programme. The Commission came to the conclusion that before going on with its work, the material and documents on the proposed subjects should be gathered. The delegation of the Union of Soviet Socialist Republics therefore moved the approval of the report as presented.

Mr. MARTIN (Canada) asked to add in paragraph 8 (d) the wording: "special studies of taxation problems" after "the issue relating to ...". He proposed also to incorporate in paragraph 9 (b) after the words "text of treaties" the wording "other available material" as this might, for example, allow advantage to be taken of experience in the field of federal double taxation. As regards paragraph 9 (d), Mr. Martin asked that it be noted in the record that studies similar to those of the Tax Research Foundation entitled "Tax Systems of the World" might be undertaken by the Secretariat.

/Mr. d'ASCOLI (Venezuela)

Mr. d'ASCOLI (Venezuela) referred to the recent visit of Mr. Deperon, Director of the Fiscal Division of the United Nations Secretariat, to Venezuela, as an example of co-operation and technical help which could be followed, without any financial burden being placed upon the United Nations, since all expenses were paid by the Venezuelan Government.

Mr. Deperon worked for a few weeks with the Minister of Finance and other high officials of the Government, planning the bases of fiscal and administrative reforms. An extremely valuable experience was thus placed at the disposal of the Venezuelan Government.

Further Mr. d'Ascoli proposed that the problem of the repression of smuggling should be taken up.

Mr. PHILLIPS (United Kingdom) said there was agreement on two points, namely that the report presented was good, but that funds available were limited. A long-term programme should therefore be established without time limit. The funds should be fixed by the Budgetary Committee of the General Assembly, and the Fiscal Commission could then review a system of priorities next year. As regards the problem of smuggling, Mr. Phillips thought it might be put before the forthcoming Conference on passport and travel formalities.

Mr. MOE (Norway) agreed with the proposal of the United Kingdom, but emphasized that the budget was too high. He questioned the desirability of all the publications suggested and proposed to gather information in this field only with the purpose of enabling the Secretariat to undertake studies when they were required.

In paragraph 8 (a), Mr. Moe proposed to delete the word "any" after "authoritative information on", as well as the words "Member Governments" after "the Commission by...", and the words "other commissions, and organs of the United Nations, the specialized agencies and non-governmental agencies of category A" after "the Economic and Social Council" at the end of the sentence.

He also recommended the staggering of the publication programme over a number of years.

Mr. CHERNYSHYEV (Union of Soviet Socialist Republics) in answer to questions asked by the representative of Norway, stated that the majority of the Fiscal Commission had considered the work proposed as a minimum. The Commission had taken the financial considerations fully into account. The report of the Commission, from the first to the last sentence, had been approved unanimously.

/Mr. OWEN

Mr. OWEN (Assistant Secretary-General) said that the present staff was completely insufficient to carry out the conservative programme of work which was proposed. The personnel required could carry out the work over a period of five years only and the budget proposed was a minimum.

Mr. MALIK (Lebanon) proposed an amendment to include in paragraph 8 (b) after "Make appropriate arrangements..." the wording "in co-ordination with the existing practices and policies of the sub-committee of the Economic and Employment Commission and in harmony with Resolution 51".

Mr. STINEBOWER (United States of America) raised the problem of the financial implications of the work of the Economic and Social Council to be carried out by the Secretariat. The Secretary-General should have a certain discretion to establish priorities within the Secretariat. Such a practice would facilitate the task of the Economic and Social Council.

Mr. CHANG (China) supported the proposal of the representative of the United States; however, he felt that no decision in the matter should be made at the present time. A committee dealing with the financial implications should be created.

The CHAIRMAN observed, in answer to the previous remarks, that the General Assembly had established a budgetary committee to consider expenditures from an overall point of view.

Mr. PHILLIPS (United Kingdom) proposed to amend paragraph 16 (b) to read:

"REQUESTS the Secretary-General to take the action recommended in paragraphs 8, 9, and 10 of that report over such a period as resources put at the disposal of the Secretary-General permit, bearing in mind the impossibility and undesirability at the present time of embarking in full upon all the tasks laid upon the Secretariat in the Report; in particular the publication of documents and the rapid resumption of work on double taxation should not take priority over the compilation of a sufficient body of fiscal information to enable the Fiscal Commission to advise the Council and its Economic and Employment Commission on special studies."

Concerning paragraph 16 (a), he felt that it should be placed on record that the Committee approved the report and not merely that it took note of it, since it was an excellent report.

The CHAIRMAN recalled that the precedents were that the Council did not eulogize any particular commission in its resolution.

Mr. SEN (India) proposed to adopt the report as it stood and to leave it to the Secretary-General to make the necessary arrangements to carry out the work.

/Mr. ORDONNEAU

Mr. ORDONNEAU (France) supported the Indian proposal and stated that his country attached great importance to the problem of double taxation.

Mr. SEN (India) considered that the wording "within the limits of financial resources and means of work at his disposal" included in the beginning of paragraph 8 covered all financial aspects of the problem; the Budgetary Committee of the General Assembly would have to decide upon that matter in the final instance.

Mr. STINEBOWER (United States of America) preferred an amendment along the lines previously proposed by the United Kingdom; but suggested that if the wording of paragraph 8 mentioned by the Indian representative ("within the limits...") were inserted in paragraph 9, it would more or less cover the case. There was no difference on fundamental issues but merely a question of whether the Council should decide on priorities or leave it to the Secretariat.

Mr. MARTIN (Canada) proposed to leave the decision to the Secretary-General and, in connection with the proposals of the United Kingdom and India, to incorporate in paragraph 16 (b), at the end of the sentence, the words "within the limits of financial resources".

Mr. PHILLIPS (United Kingdom) agreed to the Canadian proposal.

The CHAIRMAN stated that the Norwegian proposals for paragraph 8 (a) could not be presented as amendments to the text but as a resolution to the Council. The word "any" in paragraph 8 (a) was omitted. The words "Member Governments", "other commissions and organs of the United Nations, the specialized agencies and non-governmental agencies of category A", were left standing, as they were covered by the terms of reference in paragraph 1.

DECISION: The Canadian proposal concerning paragraph 8 (d) was adopted.

Mr. DEPERON (Secretariat) remarked, in connection with paragraph 9 (b), that federal tax relations were essentially different from international tax relations and that their study at present would overburden the Secretariat.

Mr. MARTIN (Canada) consequently withdrew his amendment to paragraph 9 (b).

Mr. MALIK (Lebanon) proposed that the beginning of paragraph 8 (b) should contain a reference to the Sub-Commission on Economic Development and to the desirability of co-ordinating technical advice.

Mr. OWEN (Assistant Secretary-General) pointed out that the point relating to economic development was covered in the second sentence of that paragraph and co-ordination in the field of expert assistance was provided for by Resolution 51 (IV) adopted by the Council on 28 March 1947.

Mr. MALIK (Lebanon) withdrew his amendment on the understanding that a reference to that resolution would be added to that paragraph.

/DECISION:

DECISION: The Lebanese proposal, as amended, was adopted.

Mr. d'ASCOLI (Venezuela) withdrew his proposal concerning the repression of smuggling, provided he could reserve his position until discussion of item 32 of the Agenda of the Council.

DECISION: The report of the Fiscal Commission as amended was approved, the final drafting to be undertaken by the Council.

The meeting rose at 6:30 p.m.
