



UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



GENERAL

E/CN.3/SR.55
19 May 1950

ENGLISH
ORIGINAL: FRENCH

STATISTICAL COMMISSION

Fifth Session

SUMMARY RECORD OF THE FIFTY-FIFTH MEETING

Held at Lake Success, New York,
on Monday, 9 May 1950, at 10.30 a. m.

22 MAY 1950
[Signature]

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<u>Chairman:</u>	Mr. IDENBURG	Netherlands
<u>Members:</u>	Mr. ARIAS	Argentina
	Mr. LIEU	China
	Mr. DARMOIS	France
	Mr. MAHALANOBIS	India
	Mr. JAHN	Norway
	Mr. BILKUR	Turkey
	Mr. CAMPION	United Kingdom of Great Britain and Northern Ireland
	Mr. RICE	United States of America

Representatives of specialized agencies:

Mr. WOODBURY	International Labour Organisation (ILO)
Mr. STRAUS	Food and Agriculture Organization (FAO)
Mr. LIU	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. LESTER	International Civil Aviation Organization (ICAO)
Mr. POIAX	International Monetary Fund (IMF)

Representatives of non-governmental organizations:

Category A:

Mr. TEPER	International Confederation of Free Trade Unions (ICTU)
Mr. RIDGEWAY	International Chamber of Commerce (ICC)

Secretariat:

Mr. LEONARD	Director, Statistical Office
Mr. LOFTUS	} Statistical Office
Mr. FLEKNER	
Mr. BRUCE	Secretary of the Commission

STATEMENT BY MR. LIU (China)

1. Mr. LIU (China) thanked the Chairman for the ruling he had made the previous day, as well as all the members of the Commission who had supported that ruling.
2. He explained that for a few days he would not be able to attend the meetings of the Commission regularly because he was also attending the meetings of the Sub-Commission on Economic Development, which dealt primarily with under-developed countries. In the Commission he believed that the countries, where statistical systems, classifications and methodology had developed to a high degree, should set the standards for the statistically under-developed countries to follow.

3. If, however, the Statistical Commission wanted to simplify its requirements in order to secure wider coverage, as had apparently been, for instance, the case with the occupational classification recommended by the ILO, it might then wish to know the difficulties confronting the under-developed countries in their statistical work.

4. The CHAIRMAN assured the representative of China that the members of the Commission fully appreciated his position.

5. He then drew the Commission's attention to the latest issue of the Monthly Bulletin of Statistics which for the first time gave statistics on public finances. He congratulated the Secretariat on their work.

RESEARCH IN STATISTICAL METHODS AND STANDARDS

(a) Transport statistics (E/CN.2/75, E/CN.3/85, E/CN.3/96)

6. Mr. LEONARD (Secretariat) explained that document E/CN.3/85 contained an annex I, in which the Secretariat proposed certain definitions for the basic transport statistical series which had been considered for the first time a year ago on the recommendation of the Statistical Commission and the Transport and Communications Commission. Those definitions could be used to ascertain if national series were internationally comparable. The definitions had been drawn up in order to facilitate comparison of national statistics and the comparison of statistics on the various forms of transport. The definitions had been prepared in such a way as to deviate from current national practices as little as possible. The figures published in the Monthly Bulletin of Statistics had been compiled in accordance with those definitions.

7. The Transport and Communications Commission had examined document E/CN.3/85 during its fourth session and had adopted a resolution which was reproduced in paragraph 2 of document E/CN.3/96. The Commission had also prepared for submission to the Economic and Social Council a draft resolution which was reproduced in paragraph 3.

8. The Transport and Communications Commission had stated in its resolution that the definitions would be transmitted to Governments "so that they may examine the possibility of producing, for purposes of international comparability, series in substantial agreement with the definitions set forth in annex I to document E/CN.2/75 -- E/CN.3/35." The resolution also provided that "the experience of Governments in making this examination is to be used by the Secretary-General in order to propose to the Transport and Communications Commission and the Statistical Commission at subsequent sessions changes in the definitions where necessary." He hoped that the Statistical Commission would be able to adopt a resolution similar to the one adopted by the Transport and Communications Commission, and that it would make the same recommendations to the Economic and Social Council.

9. Mr. LESTER (International Civil Aviation Organization) thought that the document prepared by the Secretariat (E/CN.3/35) was useful because it drew attention to the various questions on which a decision should be taken. It should not, however, be considered as setting forth any final conclusions.

10. With regard to the statistics on civil aviation, ICAO which assembled the various statistical studies made by its member countries, reserved the right to revise the proposed definitions. The Secretariat's proposals should therefore be considered as preliminary and they should be reviewed in the light of the comments made by Governments. In that connexion, he pointed out that it would be difficult for the Commission to take any final decision on its own. It would be better for the Secretariat to draw conclusions on the basis of the comments it was continually receiving from Governments and from the specialized agencies with which it was always in touch.

11. He hoped that, if the Statistical Commission endorsed the resolution adopted by the Transport and Communications Commission, it would be on the understanding that the Secretariat could make new proposals soon enough to enable Governments to consider them and to make their comments.

12. It would be advisable for the Commission to include its interpretation of the resolution adopted by the Transport and Communications Commission in its report.

13. Mr. FLEXNER (Secretariat) praised ICAO for the help it had given the Secretariat in preparing its report. He fully agreed with all the points put forward by Mr. Lester.

14. The CHAIRMAN said that the Commission would explain its interpretation of the resolution in its report.

15. Mr. RICE (United States of America) was satisfied with the progress achieved in the field of transport statistics, and said he would support the resolution prepared by the Transport and Communications Commission. Nevertheless, with regard to transport statistics, he drew attention to the fact that there were certain differences of opinion on questions of detail between himself and the Secretariat. For example, pipe-lines and conveyer-belts should be added to the list of forms of transport as had already been done by the Transport and Communications Commission.

16. In that connexion, he drew attention to the comments made by the United States Government (E/CN.2/37).

17. Mr. CAMPION (United Kingdom) felt some anxiety about the terms used in the first paragraph of the resolution adopted by the Transport and Communications Commission. It seemed from that paragraph that the proposed definitions were to be adopted immediately. There was, moreover, some contradiction between the first paragraph and the remainder of the resolution, which referred to the amendments which might be made to the proposed definitions.

18. It was, of course, obvious that Governments could not undertake to adopt those definitions without first studying them thoroughly.

19. Mr. FLEXNER (Secretariat) explained that the various Governments would receive copies of the definitions proposed by the Secretariat and would be asked whether they would find it very difficult to apply those definitions. It was clearly stated in the first paragraph of the resolution that the definitions were intended to be used only in so far as was possible and in so far as was compatible with the general policy of the country concerned. There was no intention of asking Governments to change the methods they had adopted for preparing their statistics.

20. Mr. CAMPION (United Kingdom) pointed out that the definitions did not seem to be suitable for studies of the transport problem on an international plane, as they followed too closely the classification adopted in national statistics. There was, moreover, a lack of balance between the data concerning the various forms of transport, particularly with regard to road transport and the movement of passengers.

21. Mr. FLEXNER (Secretariat) explained that if there seemed to be a gap in the section on road transport it was because one of the committees of the Economic Commission for Europe was considering that question and the Secretariat had therefore wished to avoid any duplication of work. Moreover, the Secretariat had tried to establish a common standard for the measurement of all forms of goods transport. It seemed that that standard should be the weight of the goods loaded and unloaded.

22. There was a real gap in the information on passenger transport owing to the difficulty of collecting the necessary statistics from the various countries.

23. Mr. CAMPION (United Kingdom) drew attention to sub-paragraph (b) of paragraph 14 which seemed in one place to recommend the use of gross weight as the basic unit and in another place the use of net weight for the same purpose. He pointed out that the packing often caused differences of from 10 to 20 per cent in the figures. Moreover, the packing necessary for inland transport was not the same as that used for international transport. The data obtained by the customs authorities was based on the net weight.

24. Mr. JAHN (Norway) thought that transport statistics should be based on gross weight.

25. Mr. LESTER (International Civil Aviation Organization) emphasized the importance of sub-dividing the statistics into groups such as inland transport and international transport, commercial transport and non-commercial transport,

public carriers and private carriers and, for civil aviation, regular and irregular services. Those divisions were essential and at the same time extremely difficult to establish, both from the legal and the statistical point of view. If a precedent could be established in the field of civil aviation, there was some possibility that the precedent would be used for other forms of transport. That would be an advantage, but there would be yet another advantage owing to the fact that statistical data often helped the judicial organs to establish better legal definitions. The United Nations was intrinsically the place where that type of study should be carried out.

26. Mr. ARIAS (Argentina) pointed out that, in the Spanish translation, the first line of the resolution adopted by the Transport and Communications Commission might give rise to a misunderstanding. The first paragraph should refer not only to general policy but also to provisions of an administrative nature. It would not be possible to carry out the proposed study unless it was consistent with those provisions.

27. The CHAIRMAN pointed out that in English the expression "general policy" covered provisions of an administrative nature.

28. Mr. ARIAS (Argentina) and Mr. DARMOIS (France) said that that was not the case in Spanish or in French.

29. Mr. RICE (United States of America) drew attention to paragraphs 10 and 13 of document E/CN.3/85. It should be emphasized that it was important to try to define the relationship between statistics on the transport of goods and those on international trade. He took it for granted that the Secretariat would continue to study that subject.

30. Mr. CAMPION (United Kingdom) proposed that the Commission should adopt a resolution approving the text submitted by the Transport and Communications Commission but stating that the first paragraph should take administrative provisions into account.

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After having noted the explanations given by the Secretariat, the Commission decided to approve the resolution of the Transport and Communications Commission, on the understanding that the words "general policy" in the first paragraph of that resolution included administrative provisions. The Commission furthermore decided to approve the draft resolution on transport statistics, submitted by the Transport and Communications Commission to the Economic and Social Council for consideration.

(b) Index numbers of industrial production (E/CN.3/86)

31. Mr. LOFTUS (Secretariat) recalled that in the preparation of its memorandum on item 5 of the provisional agenda, the Secretariat had been assisted by Professor Allen. Certain technical points of detail regarding the construction of the index numbers would be explained in a document to be published later. He invited the Statistical Commission to examine particularly the scope and grouping of the index numbers, the formula, base and compilation of those numbers, and the general conclusions.

32. Mr. JAHN (Norway) wished to make three comments with regard to the scope and grouping of the index numbers and on the question of seasonal adjustment.

33. In the first place, he did not think that the groups suggested in paragraph 8 of document E/CN.3/86 could serve as a basis for comparison on the international scale nor that they would make it possible to study the fluctuations of industrial production. For example, by combining glass and the cement industries in the same group, there was a risk of concealing the fluctuations undergone by the latter. In addition, by creating the group "paper and printing", for example, there would be a risk of comparing two absolutely different productions if one country simply produced paper while another had large printing works, without itself producing the necessary paper.

34. He thought therefore that it would be much wiser to divide all industrial production into (a) production of the means of production and (b) production of consumer goods, and to make comparisons on the basis of those two major divisions. At all events it was essential to modify the basic principle of the grouping explained in paragraph 8.

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35. Secondly, turning to paragraph 9, he considered that it would be unwise to exclude handicraft production from the index numbers. In effect, the distinction between a handicraft undertaking and a manufacturing undertaking was often merely legal. In many countries, handicraft undertakings supplied a very large proportion of the industrial production and it would be a mistake to try to exclude them from the total figure. Lastly, by failing to apply the index numbers to handicrafts, there would be the risk of excluding from industrial production a very large part of the building industry, which was often classified as a handicraft.

36. He also thought that the relative size of undertakings played a decisive part in the compilation of index numbers. Although it was possible to obtain the necessary information from small industries as part of the annual or five yearly censuses, they could not be asked to supply monthly returns. He thought that instead of making a distinction between handicrafts and industries, it would be much more useful to classify undertakings according to the size of their staff, business turnover, etc. and thus to constitute two separate groups, one of which would include large-scale industry and the other small industry.

37. Finally, he was grateful to the Secretariat for not insisting on the need to have indices from which the influence of seasonal fluctuations had been eliminated. It was true that those fluctuations varied from one country to another, but it was better to have original figures since any adaptation of that kind ran the risk of leading to false conclusions.

38. Mr. LAFTUS (Secretariat) replied that in establishing the grouping explained in paragraph 8, the Secretariat had tried to formulate a minimum recommendation which would enable the various countries to adapt their existing statistics to the requirements of international comparability, with the least possible effort. The Secretariat hoped that in time they would succeed in having index numbers for all the principal groups of the international standard classification.

39. He recognized that it was extremely difficult to make a distinction between a handicraft undertaking and an industrial undertaking, because there

/was no

was no uniform criterion in that respect. However, he thought that by retaining handicrafts among industrial industries, there would be a risk of applying those indices to countries where industrial production was practically nil.

40. Lastly, with regard to the principle laid down by the Secretariat that "there should be no limitation according to size of establishment", he stated that it should make it possible to compile indices for industrial production as a whole and not simply for large-scale industry.

41. Mr. MAHAIANOBIS (India) agreed with Mr. Jahn that handicraft production ought not^{to} be excluded from the index numbers.

42. With regard to the difficulty of obtaining information from industrial establishments, he thought that that could be overcome by compiling two different indices: one for large scale industry and industry using power-driven machinery and the other for small industry. The latter index could be established on the basis of sampling, as was currently being done in India.

43. Mr. TEPER (International Confederation of Free Trade Unions) shared that point of view.

44. Mr. RICE (United States of America) thought that in order to answer that question of whether or not to include handicrafts in the index numbers, it was necessary to find an exact definition of the aim in view. If it was a matter of surveying the progressive industrialization of a particular country, it would be necessary to exclude handicrafts from the total figure for industrial production; on the other hand, if it was a question of studying the production of commodities as a whole, it was obvious that the contribution made by handicrafts would have to be taken into account.

45. For his part, he considered that the collection of statistics on handicrafts would be more akin to the collection of statistics on agricultural production than to industrial production.

46. Mr. BILKUR (Turkey) observed, in connexion with paragraph 11, that the under-developed countries would want to obtain indications from the Statistical Office which would enable them to improve their industrial statistics. It was not enough, therefore, to recommend them to concentrate on the improvement of statistics of agricultural production.

47. Mr. LOFTUS (Secretariat) explained that, in making that recommendation, the Secretariat had wanted to prevent the under-developed countries from compiling industrial statistics while their agricultural statistics, which were for the time being more important, still left much to be desired.

48. Mr. POIAK (International Monetary Fund) did not agree, because it was precisely the industrial development of the under-developed countries which was of most interest. Those countries already possessed certain rudimentary industries, and it was important to give them instructions on the compilation of industrial indices.

49. He suggested therefore that paragraph 11 of the report should be modified.

50. Mr. MAHALANOBIS (India) was also opposed to the fundamental idea of paragraph 11 and thought it was necessary to help the under-developed countries to compile indices of industrial production immediately.

51. Mr. LOFTUS (Secretariat) explained that the report E/CN.3/86 would not be circulated to countries, and that only the recommendations adopted by the Commission would be sent. That point would be modified. It was therefore not necessary to amend paragraph 11.

52. Mr. CAMPION (United Kingdom) said that he was ready to support the recommendations set out on pages 16 and 17 of the report, but thought that there were many points of detail which still needed to be cleared up. For example, the report did not attach sufficient importance to the practical difficulties in the way of compiling monthly indices, the question of weighting co-efficients and so on.

53. He also pointed out that the numbers of series suggested as minima and maxima in paragraph 21 related to the accuracy of the total index and the question of group indexes raised other issues. With regard to speed of compilation, it was sometimes dangerous to accept substitute series merely because they were readily available, e.g. employment series, the use of which frequently had misleading results. He referred also to the difficulty of forecasting whether a particular year would be suitable for a change of weights.

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54. Mr. LOFTUS (Secretariat) repeated that the memorandum under discussion was simply a summary of the problems which would have to be settled. All those problems would be examined in greater detail in the technical document to be published later.
55. Mr. JAHN (Norway) remarked that no paper prepared by the Secretariat could deal with all the practical points which would be encountered by countries and which could be solved only in the light of the material available.
56. Mr. TEPPER (International Confederation of Free Trade Unions) said that the grouping recommended in paragraph 10, far from facilitating the compilation of comparable statistics, on the contrary ran the risk of concealing dissimilarities. That was why more stress should be laid on the second sentence which advocated the compilation of separate series for important industries. Mr. Tepper also declared that it was difficult, even in an industrial country like the United States of America, to draw a line of demarcation between handicrafts and industry.
57. Mr. WOODBURY (International Labour Organisation) also thought that the grouping detracted from the principle of international comparability, which was, however, of essential importance. For example, by grouping textiles, footwear and apparel in a single class, they risked making that series less comparable than a series devoted simply to textiles. The question should therefore be examined in more detail. The International Labour Organisation, which had industrial committees for various branches of industry, would have preferred some more homogeneous series.
58. Mr. POLAK (International Monetary Fund) thought that such wide categories were of no use from the point of view of international comparison.

The meeting rose at 12.55 p.m.