



Resolution 716 (1980)¹

Appraisal of the impact of certain individual and corporate incentives on productivity and standard of living

Parliamentary Assembly

The Assembly,

1. Having taken note of the report on the appraisal of the impact of certain individual and corporate incentives on productivity and standard of living, presented by its Committee on Economic Affairs and Development ([Doc. 4464](#)) ;
2. Believing that everybody is entitled to a fair income, having regard to his personal contribution of capital or labour, as well as to an active social protection policy guaranteeing a fairer division of the fruits of economic progress and, to underprivileged persons, a decent standard of living ;
3. Considering that different European countries have achieved varying levels of prosperity- an essential feature of all social development ;
4. Realising that financial gain is not the only incentive to economic activity and higher productivity, quality of life, working hours and conditions and labour relations also being important ;
5. Appreciating that it is essential to make a profound analysis of the best methods and associated factors conducive to achieving these aims, in order to ensure continuing economic and social progress ;
6. Taking note of the hypotheses stated in the report mentioned in paragraph 1 ([Doc. 4464](#)), viz. :
 - 6.1. that too much state intervention in the economy weakens the willingness and sense of initiative of entrepreneurs, and hence employment opportunities, productivity and the standard of living ;
 - 6.2. that the countries whose economy and standard of living have made the most progress in the last thirty years, however the fruits of that progress have been shared, have generally been market economies whose regime is founded on free enterprise, or at least respects it ;
 - 6.3. that a rate of individual direct taxation regarded by taxpayers as unduly high has a negative influence on productive investment, particularly affecting the decisions of young people in determining the course of their future life ;
7. Observing that there appears to be a positive correlation up to now between the degree of democratisation of the state, the economy and society on the one hand, and economic and social progress on the other,
8. Calls upon the Organisation for Economic Co-operation and Development (OECD) to make an objective study of the reasons why countries that have reached a comparable degree of technological development vary greatly in their economic growth and standard of living, notably analysing to this end the hypotheses in the paragraphs above, concerning the effects of taxation- particularly individual direct taxation- the hold gained by the public sector and the level of state intervention.

1. Assembly debate on 30 January 1980 (23rd Sitting) (see [Doc. 4464](#), report of the Committee on Economic Affairs and Development). Text adopted by the Assembly on 30 January 1980 (23rd Sitting).

