

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
PREPARATORY COMMITTEE
of the
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT.

Verbatim Report
of the
SECOND MEETING
of
COMMITTEE IV
held in
Committee Room G,
Church House, Westminster, S.W.1,
on
Saturday, 19th October, 1946.
at 10.30 a.m.

CHAIRMAN: Mr. J.R.C. HELMORE, C.M.G. (UK).

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL,
58, Victoria Street,
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THE CHAIRMAN: Gentlemen, I should like to call this meeting to order, and in so doing, to inform you that I do so 7 minutes late. The rules of procedure do provide that a quorum of the Committee is provided by a simple majority, and, as we have a lot of work to do, the Chair might, on occasion, feel itself constrained, if people are late in arriving, to observe that rule. Before we come to the first item of to-day's business, I should also like to remind delegates of the rule about corrections to the summary record. The summary record has been distributed this morning. I think you will find it on the table. The rule provides that any amendments you desire should be communicated to the Secretary within 24 hours of distribution. As tomorrow is Sunday, there will be a dispensation until Monday morning.

M. OLIVIER WORMSER (France) (speaking in French - interpretation):
Mr President, I would like to draw your attention to the fact that the French text of the summary of yesterday's meeting has not yet been distributed. We would like to point out that it is of the utmost importance that the French text should be distributed at the same time as the English text.

THE CHAIRMAN: The Secretary informs me that it is now being printed and will be available in a few minutes. The 24 hours plus a day for Sunday will, of course, apply from the time that it is distributed. But I think we might recognise that the secretarial machine is running in and perhaps a few minutes grace in this difficult business of providing versions in two languages might be allowed, especially as we met rather late yesterday. I think the Committee agreed yesterday that it might turn its attention first this morning to the suggested agenda which was distributed, and I hope the French delegate will be able to join in the discussion on the English text, if he has no French text.

M. OLIVIER WORMSER (France) (speaking in French - interpretation):
I have it.

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Mr. H. BROADLEY (UK): Mr Chairman, might I just make a general suggestion with regard to the agenda. It does appear to us that this agenda covers the main points, but I was wondering whether this Committee would feel it would be an advantage, once it has decided on the agenda, not to plunge into it item by item at this stage and have a detailed discussion on each subject, but rather that the different delegations should bring out the main points which arise out of this question of commodity policy. There are a number of aspects of it which are not explicitly stated in this agenda, but I am sure we all have them in mind, and if we could each in turn, as it were, bring out the main points that we would like to emphasise, perhaps with the idea of shaping this agenda into what will ultimately be perhaps a list of the main issues on which arrangements will be called for, it would perhaps help us in an orderly study of the problem; and then later on we can take them item by item and perhaps arrive at some decisions on them.

THE CHAIRMAN: We have a suggestion before us from the United Kingdom as to the way in which we should start on our business. I cannot believe that it is so astonishing as to reduce the whole Committee to silence.

M. J.A. GUERRA (Cuba): The Cuban delegation believes that a general discussion of the subject of commodity arrangements probably will be a useful thing before going into detailed discussion: it will give every delegation a general idea of the position of the others. That may be helpful.

Professor de VRIES (Netherlands): Mr Chairman, I agree with the point of view of the delegates of the United Kingdom and Cuba, and in my opinion if we take item 1 of the agenda, it is very well suited for general discussion. It starts with general policy.

THE CHAIRMAN: Are there any other remarks?

M. HAKIN (Lebanon): Mr Chairman, would it not be necessary to adopt this agenda before we start any general discussion?

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THE CHAIRMAN: I was not quite sure from the United Kingdom delegate whether the suggestion was that we should adopt this agenda but agree to have a somewhat general discussion on it first, or whether he wanted a general discussion before we adopted this as our agenda.

Mr BROADLEY (UK): Mr Chairman, perhaps I should explain. We would regard this agenda as being a very good starting point, and if the Committee would wish to adopt this agenda, I think it would be very helpful. What I had in mind was that, having adopted the agenda, we should not then spend a lot of time on each detail separately until we had had a view of the whole subject.

THE CHAIRMAN: Would that be generally agreeable to the Committee?

PROFESSOR DE VRIES (Netherlands): Mr Chairman, I should like to put forward two small points on the agenda. The first relates to point 6 (a) and (b). In my opinion, we cannot leave entirely to the Fifth Committee on Organisation the relationship as to United Nations agencies. You can say outside relations on this commodity policy; for instance, there is the Monetary Fund, the Bank, and so on. And so I should like to put in a point:
(c) Relations as to United Nations agencies.

THE CHAIRMAN: Would any delegation like to express an opinion on this particular point suggested by the delegate of the Netherlands?

Mr BROADLEY (UK): Mr Chairman, I feel that these are the sort of points that would come out in a general discussion, and, rather than each of us suggest now additional points dropped in at various points in the agenda, if we accepted this as the basis of our discussion, out of our general discussion would come such points and probably many other points which would then be fitted into a revised agenda for a detailed discussion.

THE CHAIRMAN: Perhaps the Chair might make a suggestion designed to facilitate business: that we should adopt this agenda provisionally; go on to a discussion of a general nature; and that at the end of that the Chair, with the assistance of the Secretary, would put forward for discussion in the Committee a list of points which then require particular discussion; and I take it that the points suggested by the Netherlands could be picked up at that point and fitted in. Though, of course, there is no difficulty, it seems to me, if there is some point arising in connection with relations with other United Nations organisations which the Netherlands would like to make in the general discussion: it would not be ruled out.

DR. A. J. BEYLEVELD (Union of South Africa): Mr Chairman, is it necessary to rule out specific suggestions of any sort? Would it be of assistance to you if anyone wants to make a sub-item to any of these points that he should state it? That might assist you in amplifying the agenda.

THE CHAIRMAN: If the general scheme of conducting our business which seems to be growing up is accepted, I should be very glad of any suggestions as we go on. I might leave it to delegates just to put them in in writing to the Chair as matters which we could fit into our list as special points which would require discussion after the general discussion. Would the Committee be willing to adopt that general scheme of conducting our business?

(After a pause:-) Very well; then that is adopted. If I might venture to express a hope from the Chair at this point, it is that our general discussion will not consist too much of set speeches but will be conducted in a manner suitable to a private Committee and not a Plenary Session.

MR BROADLEY (UK): Mr Chairman, may I raise just one other point of procedure. I apologize for speaking so much; but would the Committee agree that it would be helpful if, when we touch on certain technical points, it would be permitted for other members

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of a delegation, apart from the ones sitting at the table, to be asked to join in?

THE CHAIRMAN: Would that be generally agreed? (After a pause:-)

Well, we will decide that in that sense.

Mr. CLAIR WILCOX (USA): Mr Chairman, are you ready to begin the general discussion?

THE CHAIRMAN: I hope the Committee is now ready to begin the general discussion. Very well, we will proceed to that now.

Mr CLAIR WILCOX (USA): If so, I should like to say a few words about the relationship between the work of this Committee and the work of the Preparatory Committee in general. I do not have a set speech and I shall try to make my remarks as fitting as possible to a private meeting. We do feel that in the field of primary commodities there are peculiar economic circumstances that do not apply to commodities in general or to manufactured goods in particular. What I have in mind specifically is the fact that you may have staple commodities that are produced and traded in large quantity in international commerce produced by large numbers of small producers in many parts of the world; where the demand does not respond very rapidly to changes in price; where a decline in price will not result in a proportionate expansion of consumption; where production is similarly inflexible; where a decline in price cannot result very quickly in a contraction of the production of that particular commodity and the shift of resources to the production of some other commodity. The result of that situation is that there may be a precipitate decline in prices in such markets which, because of the basic importance of the commodity produced in the economy of many countries and because of the large numbers of producers involved in its production and sale, may have widespread repercussions on national economies.

This sort of circumstances does not ordinarily occur in the case of manufactured goods. In the case of manufactured goods in

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general you will have more elasticity of demand; a decline in price is more likely to expand savings; also you will have generally more elasticity of supply; a decline in price is likely to result rather quickly in a contraction of production. But in the case particularly of the great agricultural staples that does not occur. As a result there is likely to be, for understandable reasons, pressure from producers within individual countries upon their Governments to take action for their protection, and the form that this protection may take is all too likely to be that of national measures which are prejudicial to the interests of producers in other countries; that is, such unilateral national action may take the form of the imposition of import quotas or the utilisation of export subsidies, or some similar device.

The general programme upon which we are embarked is one of freeing international trade from such restrictions as nearly as may be. Such unilateral actions would be inconsistent with this programme. It is, therefore, incumbent upon us to consider, in support of the general line of policy which we seek here to effectuate, to provide that the approach to these special commodity problems should be a multilateral approach rather than a unilateral approach. In the past these problems have been approached ad hoc, commodity by commodity, with improvised solutions - not in terms of established international policy and procedure. Our hope would be that we should formulate in this area established international policy; that we should set up in this area agreed international procedure; that we should create here a mechanism which could always be called upon and relied upon to meet this situation; and it is our view that the successful solution of this problem is essential to our whole enterprise, and that if we do not succeed in solving it, our enterprise as a whole is imperilled. That is, we might lay down rules for the freeing of trade, rules that placed limitations upon the use of export

subsidies, rules that placed limitations upon the use of quantitative restrictions; but I fear that those rules could not be adhered to if in the case of individual commodity situations severe declines in prices accompanied by widespread distress could not be met through some method of agreed international action.

For this reason we believe that this chapter of the suggested Charter is essential to the whole and that the work of this Committee is of crucial importance to the work of the Preparatory Committee as a whole.

Mr. B.N. ADARKAR (India): The Indian Delegation will certainly agree that a multilateral approach to this question, as has just been suggested, is desirable. The past practice of tackling these problems commodity by commodity is not going to be suitable for the future. It is certainly desirable that established machinery should be brought into existence to deal with this problem as and when it arises. At the same time, we would like to stress that such machinery should not be brought into operation only to deal with cases of chronic disequilibrium, as seems to be generally contemplated in the proposals put forward by the United States expert, but it should be designed to promote stability of agricultural prices over a time. The danger of unilateral action being taken arises not merely because primary producers in individual lines of production are in a state of over-production at some time or other, but because they are all anxious, particularly at the present time, that the Governments of their countries should take some measures to protect them from a probable decline in prices which is likely to take place as soon as the present state of things is over. They are also anxious to secure some measure of protection against short-term fluctuations of price arising not merely from cyclical causes, but from very short term causes operating within the span of a single year or a single season. Even such short time causes can bring about

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quite an astonishing degree of instability in primary prices, and instability of prices is a very potent source of insecurity in all primary-producing countries. Such instability is always a very potent cause of trade cycles, because the demand for industrial products depends largely on the consumption of the primary producing countries. We believe, Sir, that the primary prices are likely to be subject to a special degree of instability in the years to come because of the probability of a greater measure of Government interference in certain countries and the threat of substitutes to which the various primary products are at present exposed. We suggest, Sir, that in addition to dealing with the problem of over-production in respect of individual commodities, some positive measures should be devised to promote greater stability of prices by combining a measure of quantitative regulation with some international scheme of buffer stocks. We recognise that the provision of international buffer stocks is extremely complicated and will require very detailed study, but we would like it to be recognised that this Committee should take that into account and should suggest early consultations among the members of the Committee with a view to devising measures for greater stability of agricultural prices. In the absence of international measures, we are afraid that different members will pursue autonomous policies of price support and will have to do that owing to the very great pressure of agricultural interests within their territories. If this development takes place, it will hamper the progress of international co-operation in other fields, because it would be very very difficult to treat price policies and trade policies in isolation.

MR. J. T. DEUTSCH (Canada): Mr. Chairman, the Canadian delegation is fully in agreement with the emphasis which the United States delegate has given to the importance of a multilateral approach to commodity policy, and we are much indebted to the United States delegation for having put forward a detailed scheme which they have included in their draft Charter.

We have very considerable sympathy with the point of view expressed by the delegate from India. We feel the suggestions in the United States Charter are perhaps somewhat too limited in their application to commodity matters. They envisage agreements largely and almost entirely in cases of chronic surplus conditions. We feel that that limitation is, from a practical standpoint, too restricted, and particularly at the present time, where we are in most cases in a condition of scarcity. The outcome of the present conditions of scarcity may, in important cases at least, if there is no international agreement at the present time, lead to very serious maladjustments and give rise to very exaggerated difficulties in two or three years' time, which will be very difficult to deal with even with the commodity agreement. We feel that in some instances at least, particularly in important international commodities, there should be a possibility for the development of agreements now in cases of commodities which we know from past experience have been subject to very wide fluctuations and have been at times in very serious difficulty. We feel that any provisions that are written into the draft Charter should leave fully open the possibility and in fact envisage the development of agreements in cases of that kind.

Secondly, we also have a great deal of sympathy with the views expressed by the Indian delegation on the importance of developing international schemes that will assist in the stabilisation of raw material prices. We realise that this is a very complicated field and we feel that there will have to be a good deal of experimentation and effort in working out arrangements which would help to achieve somewhat greater stability than we have had in the past, and I think the provisions at present in the American draft Charter do not allow for the flexibility and experimentation that would be necessary in that field, particularly for schemes which do not necessarily involve restriction. That is important, not only with respect to the position of individual industries, but is a matter of considerable importance to countries which rely heavily on the export of one or two commodities which are subject to violent fluctuations. It is not merely a question of the position of those industries, but the position of the entire economy of those countries, and countries in that position will have great difficulty in accepting all the obligations of an international trade charter unless there is some hope that there will be less violence in the fluctuation of their export prices than has happened in the past.

Therefore, we feel that the provisions that are put into the trade charter must provide a place for the development of schemes of that kind, and that the provisions themselves will have to be fairly flexible, to allow for a great deal of experimentation in a field where we have had very little experience, at least on an international basis.

MR. E. McCARTHY (Australia): Mr. Chairman, since the subject of action that might be taken in regard to international trade first came under discussion Australia has attached

a high degree of importance to the possibility of making effective international agreements in relation to major primary products, because it is a big exporter of primary products. Over quite a number of years it has faced the troubles that the variations in prices in the international markets have brought. It has had the experience, as Mr. Wilcox suggested, of being driven back on national policies, which had the effect of ameliorating conditions temporarily, but over a long period had the effect perhaps of aggravating the conditions with which it was originally faced.

We believe that this is one of the most important sections in the whole of the schedule set out by the Preparatory Committee, because we think that if effective commodity agreements are made it will go a long way to remedying the difficulties or remedying the various impediments that have been put up from time to time to international trade. It will also enable the peculiarities of a particular commodity and the particular conditions of the countries interested in those commodities to be dealt with, and on that point I would emphasise that in our view the general conditions governing these agreements might not be very great in number, but that the real details and the real difficulties will be tackled in the individual commodity agreements.

There are a few principles to which we would be quite ready to subscribe. I will just give one example, and that is, it should be stated as a principle in all commodity agreements that consumers have representation equal to that of producers. I mention that as the representative of a country that will be almost entirely concerned with the problem of export.

I find myself in agreement with comments by the Canadian representative regarding the conditions precedent to making an agreement which the American representatives have set down. Like him, I am very sensible of the work that has been done on this subject by the Americans. They have come to grips with it when other countries have not come to grips with it, and they certainly have given us a plan upon which to work. I do think, however, that they have shown some desire to over-examine the conditions prior to thinking whether an agreement might be made or not. The words "burdensome surplus has developed or is developing" have come into our consideration of the subject quite a lot. That will be dealt with, no doubt, when we come to it on the list, but we know there are certain products where there is no burdensome surplus at the moment, there is not one developing at the moment, but we are absolutely sure that one will develop, and if we are certain that it will develop I think we should get to grips with it at once, rather than go into studies and preliminaries that might take quite a long time.

On that point I will be more precise when we come to it in the agenda, but I would wish to make a distinction between those products the history of which is well known, the data in connection with which is full and complete, and those products where some explorations and some studies have to be made. I do not think a study group is necessary to deal with wheat or sugar, for example, but it might be necessary that a study group look into the problems of, perhaps, oil and fats, where there is quite a range of products and a variety of products; and even in the case of meat.

We will also seek to make some distinction between the

various forms of agreements and to discuss in some detail the conception of the buffer stocks which was alluded to by the representative from India. We think that in some cases buffer stocks will be of importance. In other cases we doubt whether they will be applicable at all, but where they are not suitable we would suggest, I think, that some other form of international agreement or some agreement with other forms of regulation may be introduced. I doubt very much whether buffer stocks could be applied in any degree to meat and butter. I believe that they could be applied to a very full degree in the case of wheat and raw wool. I only quote those as examples:

I think that is all I wish to say at this stage, Mr. Chairman. There are various points that we will raise as we go along. We are definitely in favour of commodity agreements being fully examined by this organization with a view to their being entered into promptly. I repeat the one point that I did wish to make in the general discussion - that we do not want to wait too long before getting down to the actual negotiation of agreements in relation to certain products. We might wish - though necessarily we would be guided by the discussion to a degree - we might wish to go as far as suggesting that negotiations for agreements for certain primary products be carried on next year, when the tariff negotiations are in progress, but we would like to thresh that out a bit more in detail in this Committee.

MR. H. BROADLEY (United Kingdom): Mr. Chairman, at this stage, so far as the United Kingdom delegation are concerned, there are just a few points of a general character which I think we should like to lay before the full Committee.

We agree very much with Mr. Wilcox that we must see the problems which this Committee is considering in relation to the problems which the Preparatory Committee as a whole is looking at, and we do attach great importance in this connection to the work of Committee I on Full Employment Policy, because we do feel that if a full employment policy is successful on an international scale that will go a long way towards stabilising primary production. At the same time, the stabilisation of primary production which we may be able to achieve through commodity agreements which are reached on some general international pattern will itself help the full employment policy, and therefore we must not look at commodity policy alone, important as it is, as a self-sufficient subject, but as part of the whole question which we are going to deal with in the Preparatory Committee as a whole.

I welcome, too, the comments of our Canadian colleague, that we want to see this discussion go as far as possible. We are very anxious that the result shall be a positive result and not a negative result. We do not want to think of this problem in terms of restriction only. We want to think of the contribution which it can make to stabilisation as a whole, and I think there are other issues in addition to those that are mentioned in the United States draft Charter, helpful as it is, that we must consider in the course of our discussions in this Committee.

I was very glad to hear the Indian delegate refer to the question of buffer stocks, and to hear the subsequent comments which were made by other members of the Committee. We feel that buffer stocks is a matter which merits very very careful consideration. At this stage I would not propose to go into all the merits and difficulties of

buffer stocks. We recognise the great difficulties, financial, administrative and management problems which have got to be dealt with before we can really make up our minds finally as to how far buffer stocks and similar devices will be a real contribution to this problem, but from a preliminary study of suggestions that have been made in the past with regard to buffer stocks we feel it should be one of the steps to which we should give thought and on which we should give some guidance in any report that we make.

We do recognise, as I think Mr. McCarthy mentioned, that buffer stocks are not suited to all commodities. They may be suitable for non-perishable commodities, but when you come to perishable commodities you do have a very different problem, and there again there are positive measures at which Mr. McCarthy hinted - such things as longish term arrangements and contracts of that kind which may help the producer and at the same time help the consumer, and enable us to inaugurate something in the nature of an international planning of commodities to meet the difficulties which have been experienced in the past.

But when we have considered both those and other devices that may be associated with them, we still shall be faced with the problem of surpluses from time to time, and we do agree very much with Mr. Wilcox that these problems should not be treated, as in the past, on an ad hoc basis. It has been the habit, when there has been a particular problem, to call together the countries concerned to endeavour to devise a solution - or perhaps only a part of the countries that are really interested in and affected by the problem - and to draw up some international convention which perhaps lasts for a time or perhaps does not last for

very long, and I think the reason why these conventions in the past have been so uncertain and have not shown any real signs of durability lies in the very point Mr. Wilcox made. We have not approached these problems on the basis of principle, and for the future, although we do not want to approach individual commodity problems on an ad hoc basis, we shall have to consider the special problems of particular commodities. Nevertheless, we do want to consider those problems of particular commodities under some general umbrella, under some general preliminary study which has been given to the various measures that can be adopted to achieve stabilisation - and stabilisation not only in the interests of the producer, but, of course, in the interests of the consumer, too. There again we shall no doubt be brought into touch with the work of other Committees of this Preparatory Committee.

At certain points no doubt quantitative regulation will come in. It may be that something on the lines of a temporary arrangement will have to be adopted to deal with a particularly urgent and temporary problem which cannot be dealt with by the long-term arrangements of buffer stocks, contracts and similar devices of that kind, and there of course we shall have to look at even a temporary solution of the problem from the point of view of its effect on trade as a whole, on the producers on the one hand and on the consumers on the other.

I think there is a phrase in the draft International Wheat Agreement that is a very helpful thought on the subject. When that agreement is talking about price it is endeavouring to arrive at a price which shall be fair to producer and consumer alike, and I do think we must bear in mind the interests of both. That is why it is so important,

as Mr. McCarthy suggests, that in any organization which is set up, either to deal with the general problems of commodity policy or the specific problems of particular commodities, there shall be adequate representation of the different interests, whether the producing interests or the consuming interests, and we like to look forward to some sort of arrangement where, if anything in the nature of quantitative regulation is temporarily adopted, it shall be associated with provisions which do contemplate a gradual decline in prices until we return to an economic balance, and also a provision to see that the shifts in production are properly and fairly directed to efficient production in the most economic areas of production.

In addition, of course, there are other devices that will be referred to. There is the two-price system, whereby a burdensome surplus for a temporary period may be disposed of at - I will not call it bargain-basement prices, but at some special price to help needy countries on the one hand and to dispose of the surplus on the other. There again, that is a device which we think should be considered. We see great difficulties in it. It may have repercussions on international trade to a very serious extent, but nevertheless let us give our thought to that problem. We do feel that where such a device is adopted - and there may be cases where it could usefully be adopted - the burden should substantially fall upon the producing interests, and that where there is a two-price system there should be a gradual decline in the top-price to what I might call the normal price until the economic position has been restored.

When we come to apply our general principles, there

again I think we shall have to adopt, as I suggested earlier, a commodity by commodity policy; not the old commodity by commodity policy, each operating independently, because there I think the Indian delegate was quite right. That only led us into difficulties and trouble. Commodities do differ. I mentioned before the question of perishability and non-perishability, and there are other differences. Some commodities are foodstuffs, some are raw materials, some are minerals. They cover a wide field, and each commodity does have its own particular problem, so that when we have reviewed the problem as a whole and endeavoured to arrive at some general principles which can be embodied into a report or a charter, then I think the next step will be, as Mr. McCarthy suggests, to take particular commodities and see what is the best procedure, under the general principles we have adopted, for dealing with the problems of particular commodities.

I think we should also bear in mind in our discussions that, fortunately or unfortunately, we are not the only body which is at the present moment or will in the very near future be concerned with this particular problem. As I think everyone knows, the Food and Agriculture Organization is calling a Conference in Washington, and they too will be considering somewhat related problems, and it is very important that these two examinations of the problem shall, so far as possible, march side by side, and we on our part are very anxious indeed that one solution shall not be devised in Washington and another solution here in London. Here we are considering a wider problem. We are able to look at commodity arrangements in regard to the wide problem of commercial full employment, general world prosperity conditions. Over in Washington they have

a particular food problem, and the Food and Agriculture Organization is limited, of course, to food and agricultural products, but it is to be hoped that the different delegations here and in Washington will be guided by pretty much the same directions in the recommendations they put forward.

There is just one point that arises out of that which I think is worthy of consideration. We are all looking forward to the establishment of this International Trade Organization. Naturally, we have got to tread a little warily. There are a great many problems to be considered, not only in regard to commodities, and because of that it is obviously going to be some time before we see our dreams realised and before we see an International Trade Organization in operation, and it might be desirable that we should contemplate in the meantime - and it may be that the Washington talks will lead to the same end - the establishing of a commodity organization, or agreeing to the desirability of a commodity organization, which, where there are important problems arising (and I do agree with those delegates who have said that we must not wait until the burdensome surplus appears or looks like being upon us; we have got to give our thoughts to these problems well in advance) could deal with the problems which are so much troubling the Food and Agriculture Organization, but with the object that, in due course, when the International Trade Organization is set up, that commodity organization should be brought within the International Trade Organization and not be an independent body, because it does seem to be more naturally associated with the International Trade Organization and its wider responsibilities than with any organization which is dealing only with Food and Agriculture.

Those, Mr. Chairman, are just a few general thoughts. When we come to particular problems like buffer stocks, quantitative regulation, in so far as it affects this Committee, and dealing with particular commodities, I believe the United Kingdom delegation will be able to make suggestions on these particular issues, but perhaps some of these thoughts could be borne in mind when you and the Secretariat are revising the agenda and trying to bring into it all the issues on which a useful discussion could take place, with the idea of making recommendations to our parent body.

MR. JOHNSEN (New Zealand):

MR JOHNSEN (New Zealand): I would like to say a few words on behalf of New Zealand at this stage. I do not know to what extent they might be affected by these Inter-governmental Commodity arrangements but I would like to support the view expressed by the Canadian delegate that any rules that are laid down are not too narrow, and that they should provide or allow for full recognition of the position of those countries whose economic structure might be dependent on the export of a narrow range of primary products. Obviously, if the general objective of the I.T.O. is to be achieved, some provision should be made which enables a measure of stability to be accorded to the conditions of such commodities and countries of that type. We are in full accord also with the view expressed by the Australian delegate, which has been supported by the delegate of the United Kingdom, that the interests of consumers as well as of producers should be considered when any of these arrangements are being made.

MR BEYLEVELD (South Africa): Mr Chairman, from the remarks which have been made so far I think it has been shown that this Committee is probably called upon to deal with a wider field of problems, on which we have had very limited experience. The other Committees probably have to sort out and find the best practices from a whole range of practices which have been in operation. In this Committee we have a certain amount of experience from unilateral and bilateral action which has been taken in the past, and in most of those cases those arrangements were simply a question of expediency, but one can hardly say that there has ever been a definite multilateral attempt to put arrangements of this sort on a sound and rational basis. The Canadians have stressed the question of shortages and also brought it into relationship

with stability. I wish to support that most strongly. At the moment we have an endless number of measures which relate in particular to shortages, and I do not think we can assume that those shortages would disappear within a very short time; and the provisions which we now contemplate in this section should not only provide for surpluses but in order to attain stability we should also have provision for shortages.

PROF. de VRIES (Netherlands): I do not want to bring keys to open doors; we are here a Committee of experts and the results of our deliberations will be brought into broader form at the end; but I would like to put forward one or two points. First of all, what are we talking about? What are our primary commodities? Primary commodities have been defined at a Convention as including foodstuffs and raw materials as opposed to manufactured goods, and we ought to speak about those things before we go further. If it is shown that we are speaking here of foodstuffs, raw materials, fibres, woods and minerals as well, then, to stress the importance of these problems, I can quote figures from the League of Nations files giving the imports and exports of 62 countries in respect of them. I have gone into those figures and I have found that 42 countries out of 62 have in their exports more than 90 per cent of primary commodities, and only 9 countries go below 50 per cent in their exports of primary commodities. Those 42 countries are nearly all small countries, weaker than the bigger countries, of course. The really industrialised countries show figures of only 9 to 13 per cent. My country, the Netherlands, is an industrialised country, and its overseas territories are among the producers of primary commodities, so I am in a position to speak for both consumers and producers alike. If we go to the root of the

problem as it has been put forward by Mr Wilcox in his address this morning, he came to one point at which he said that primary commodities are produced by many millions - indeed, more than a thousand millions - of small producers all over the world, mostly in what we call the overseas countries. I think there is still one more basic reason why in these special problems there are many similarities. Even mining has problems similar to agriculture. One cannot say that a mine is among the many millions of small enterprises, but it has some things in common with all primary commodities, because in this type of production Nature is more important than man; and, of course, in industry man is more important than nature. In the case of agriculture, one cannot change soil and one cannot change climate. In the case of mining one has the same sort of thing: one is dependent upon the particular deposits of the ores and the geographical conditions where the ores lie. One has to take them as they are; they are unchangeable. Again, one cannot shift the forests of the world from one place to another. In industry it is not difficult to shift a factory to another place; it is not difficult to change from one industry to another in times of need. I believe that is the fundamental reason why primary commodities cannot be adapted as quickly as is necessary in a changing world, where one might say that industry is the leading instrument in the orchestra of economic life. This is, I suppose, the basic reason why the producers in such a lot of countries - more than 40 countries in the world - are stressing to their respective Governments the need for giving them protection against changes over which they have no control, and to which they cannot adapt themselves in a short time. A farmer can change from one type of agriculture to another; he can do it,

though it is not easy for him; but if he has to abandon his fields (and in the last great depression many farmers had to abandon their fields) the loss, not only for the producers but for the whole community and the whole world, cannot be replaced by a new boom: the soil is spoilt. If you open a mine, and then later have to close it, and then re-open it after twenty years, that mine shows an enormous loss of capital. As a consuming and producing country the Netherlands delegation firmly supports the general idea that we should come to an agreement to take deliberate multilateral action, and that it should be positive action; and that what we need, in the words of the Australian delegate in the plenary session, are commodity plans, and commodity plans not only relating to price stabilisation, which is very important, but commodity plans in the whole field of commodities, and including trade and production. I think our past experiences with commodity arrangements have not been very happy because they were too narrow; they were on too narrow a basis. There were, again, some commodity arrangements which were on a proper basis, with Councils of consumers and producers, both sides equally represented, and I think in that case we can learn something from the past; and I would bring before the Committee as a general idea that in some cases we might call before us people who have experience in such matters, people who have been engaged in concluding wheat agreements and who are contemplating commodity agreements in the future of various kinds, and I think we would benefit by having their advice and views on such matters as production schemes, and so on. I think we could learn a lot in that way.

THE CHAIRMAN: I think it is the duty of the Chair to remind the

Committee that we have a letter from the International Chamber of Commerce to consider, and that there are also two other items of administrative business to which we ought to turn our attention. It is now a quarter past twelve. Would it be generally acceptable that we should leave the general debate at this point and return to it at our next meeting? Is that agreed? (Agreed.)

May we now turn to the letter from the International Chamber of Commerce which has been distributed? It is E/PC/T/W.17, of 18 October 1946. I think I ought to inform the Committee that I am advised by our officers that, under Rule 46 of the Rules of Procedure, it is not provided for the non-governmental agencies to send observers to meetings of Committees. That is the first request, made towards the end of their letter. On the second request, that is, that the International Chamber of Commerce should be allowed to state its views on specified questions, I am informed that each Committee may decide whether the request for consultation should be granted and, if granted, an appropriate procedure agreed to for consultation. If I might attempt to speed up our proceedings, I would like to suggest as a possible way of handling this letter that the Secretariat (when I say the Secretariat I mean not the Secretary of this Committee but the Executive Secretary and his advisers, this letter being considered by the other Committees as well) should be invited to reply drawing attention to the Rules of Procedure and asking on what specific points the International Chamber of Commerce would like to present their views. We could then decide later on what was the most appropriate way for those views to be presented, if we wished to hear them. Would that be generally acceptable?

MR McCARTHY (Australia): Would not the Secretariat like to have

our opinions on the two major points? I particularly am of the view that we ought to tell the Secretariat that we do not wish these people to be present as observers throughout the proceedings, or except when they are advised to the contrary by the Chairman. My opinion is that it would tend to restrict the freedom of discussion; and if there is one thing we do want in these discussions it is frank and free expression and exchange of views. On the other hand, I think that we might agree for them to have an opportunity, perhaps on a day specially set aside for the purpose, to state their views and to ask questions. I am not sure whether we should tell the Secretariat that or whether they should tell us; but, if the Secretariat came back with the view that they ought to be allowed to sit in as observers throughout our proceedings, I think I would find myself a little concerned at that decision. I would like to make it clear that I am not suggesting that uniformity is not desirable and I am not suggesting we should make a decision independently of the Secretariat, but whether we should not just give them an opinion.

THE CHAIRMAN: If I might attempt to clear this point up quickly, the advice of the Secretariat on the interpretation of the Rules of Procedure which have already been adopted by the Preparatory Committee as a whole is that continuous attendance of non-governmental bodies at one of the working Committees is not permitted but that it is open to any Committee to decide when it would wish to see such an organisation, and how; that is to say, whether in full Committee or by a number of delegates appointed for the purpose to consult with them. My suggestion was, therefore, that to answer the first request from the International

Chamber of Commerce, which is to have an observer at all meetings, we should simply invite the Secretariat to point out that that is not constitutionally possible; but that on the other point we might be in a better position to decide how often, when, and in what manner, to see these people if they were to give us a short note of the sort of points they would like to bring up. Now, would that be agreed? (Agreed.)

The next business is that I regret to have to inform the Committee that our present Vice-Chairman has had to withdraw from his position. The Norwegian Delegation has found it necessary to make some adjustments in the attendance of their delegates at the various Committees, and therefore Mr Robberstad, who has been taken away to another Committee, cannot continue as our Vice-Chairman.

MR McCARTHY (Australia): Mr Chairman, with you I regret that Mr Robberstad has not been able to assume the duties of Vice-Chairman. I think it would be appropriate if his alternate here, who is going to replace him, were elected Vice-Chairman; and I accordingly move that Mr Melander of the Norwegian Delegation be appointed as Vice-Chairman of this Committee.

THE CHAIRMAN: I am sure the Committee agree with that suggestion. (Agreed.)

MR MELANDER (Norway): I hope I shall not be called upon to serve; I hope we shall continue to have the services of our present Chairman; but, if I do have to act as your Chairman, I will do my best to serve the Committee. (Applause).

THE CHAIRMAN: The final question before the Committee this morning is the date of our next meeting. I have heard rumours of a relenting on the part of our Secretary-General as to the number of Committees which should sit at once,

and he is therefore proposing a re-arrangement of the way in which it is done. I have managed to secure from his office a copy of a note he is going to issue but has not yet issued. Perhaps I might read part of it to the Committee. "It seems to me," he says, "that the best arrangement would be to have entire days set aside for the meetings of each principal Committee. This would mean that some days might pass when a particular Committee would have no meeting at all, but this might be an advantage as it would leave time for sub-committee meetings and for consultations between the Chairmen and the Secretariat and the various Delegations. Another possible advantage would be that some Committees might wish to meet in the Hoare Memorial Hall, and could, if they chose, expedite their proceedings by the use of the simultaneous interpretation system. It is suggested, therefore, that this arrangement should be given a trial during next week; and the consequential arrangement is that Committee II are going to meet, if this is generally agreed, all day on Monday, and it is suggested that we meet all day on Tuesday, with sessions at 11, 3 and 5. Would it be agreeable that we should decide as the date of our next meeting Tuesday, at 11 o'clock, with the proposition that we should go on at 3 and again at 5? I take it that is agreed, and that on the whole it would be thought preferable to meet in the Hoare Memorial Hall and use the simultaneous interpretation system? (Agreed.) That concludes our business.

The meeting rose at 12.30 p.m.