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SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE  
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

The Secretariat has received a copy of the report of the Policy Committee of the Conference of the International Federation of Agricultural Producers held in the Netherlands on 12-23rd May, 1947. As some of the matters are of concern to the work of the Preparatory Committee, the following extracts are circulated for the information of delegates.

General Preamble -

WHEREAS I.F.A.P. believes that:

1. Agricultural production and consumption problems are interlocked.
2. Sound agricultural development is the key to an expanding world economy.
3. This development is indivisible from and dependent on the parallel development of industry and commerce and on the need for the highest level of stable employment. Agricultural and industrial development is especially important in the under-developed countries.
4. An expanding world economy and the highest level of employment are the avowed aims of the United Nations and imply the stimulation of the international exchange of goods and services. This upward movement must have primary production as its starting point. Of the world's population which is gainfully employed the vast majority is engaged in primary agricultural production. Consequently, it is imperative that producers' returns be stabilised on the basis of an assured economic price for the highest possible level of production. The result will be an expansion of the purchasing power of the agricultural producer. This in turn will provide much bigger markets for the products of secondary and tertiary industries, and the attainment of the highest possible level of employment in manufacturing industries in the production of raw materials and in transport (including shipping). The cycle is completed by the resultant increase in the purchasing power of people employed in all spheres and their ability to improve their dietary and nutritional standards. Stability, and opportunity to increase productive efficiency afforded to the primary producer, therefore, is the key to an expanding world economy and to the stimulation of international exchange of goods and services. This should result in an improvement in the standard of living.
5. Just as after World War I so after World War II, and as the consequence of any full production programme in the future the production from an agriculture so stimulated might well lead to regional surpluses. Such surpluses, if allowed to continue and undermine world prices, reduce the purchasing power of primary producers, stultify world trade and result in mass unemployment.
6. It is the duty of I.F.A.P. not only to primary producers, but to the world as a whole, to formulate precisely the views of the Federation on world production, distribution and consumption of foodstuffs and on measures that will achieve universal and lasting prosperity.

To attain these objectives, I.F.A.P. announces its policy on the principles of agricultural and trade economy and on proposed intergovernmental charters of the World Food Council and of the International Trade Organisation.

Actions to be taken directly by I.F.A.P.  
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4. I.F.A.P. and its member organisations should give special study and consideration to plans to bring about greater stability of world price and employment levels. Special study must be made of world monetary problems, including investigation of the possibilities of the World Bank, International Monetary Fund and the whole related field in the development of the full use of the world's resources.
  5. Strongly advocate and assist in the negotiations of agreements for suitable staple commodities on a multi-lateral basis. These agreements should maximise and stabilise the movement of such products. Minimum price levels should bear a close relationship to real cost of production in the exporting countries. At the same time there must be sufficient flexibility to facilitate, within the framework of a general planning of world production and trade in agricultural products, the free movement of those major agricultural products entering into international trade which past experience indicates need special consideration.
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7. Consistent with other domestic necessities agricultural food products in excess of immediate effective demand should not be converted into non-edible goods until the requirements for direct and indirect human consumption have been met, and that in this connection they should not be considered to have been met in full until
  - i. A minimum nutritional health standard has been attained.
  - ii. National security carry-overs have been built up.
  - iii. Famine reserves or buffer stocks have been provided for human consumption.

always provided that the ready flow of such commodities shall not be impeded by the foregoing.

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9. I.F.A.P. shall request F.A.O., if necessary through any appropriate international organisation, to conduct investigations into possible restrictive practices, whether industrial or commercial, for example Cartels, which have an adverse effect on the supply and price of agricultural requisites such as fertiliser.

I.F.A.P. is convinced that such practices endanger the ability of agricultural producers to conduct their business efficiently and on an economically sound and expanding basis.

The prevention of restrictive practices would increase the flow of industrial goods and benefit both agricultural producers and the consumers of their products.

10. That the domestic production price and marketing policy pursued in any one country shall be the concern of that country, but that in so far as production in excess of home requirements is placed on the world market, such trade should be consistent with the principles laid down by I.F.A.P.
11. To encourage the provision of adequate transport facilities for conveying food to satisfy optimum nutritional standards to the right place and at the right time in adequate quantities.
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14. I.F.A.P. having received the message from Sir John Boyd Orr advising a careful study of the report of the Preparatory Commission of F.A.O. on World Food Proposals, requires that representatives of I.F.A.P. should attend the annual conference at which these proposals are to be discussed with a view to expounding its views.

I.F.A.P.'s relationship to the World Food Council and the International Trade Organisation,

It should be categorically stated that the concern of I.F.A.P. regarding surpluses is not motivated only by self-interest but because farmers everywhere know that temporary and regional surpluses in the past have had an immediate undermining effect on price, thus deterring production often by restriction of production when there is yet an unsatisfied nutritional need in the world. Only stable price conditions can ensure an expanding production programme to meet the overall nutritional needs of the world's peoples.

I.F.A.P. therefore subscribe wholeheartedly to the statement in the summary of the report of the F.A.O. Preparatory Commission on world food proposals paragraph 10 reading:

"The best laid plans for the development of agriculture can however be defeated by instability of prices. To this question which is the second of our objectives, we have devoted a great deal of our time. Governments have increasingly intervened in the agricultural economy by guaranteeing prices, subsidising consumers and exercising other controls and regulations. Although this intervention has somewhat diminished since the termination of the war, it is likely to continue.

The Commission, therefore, has reached the conclusion that only by consultation and cooperation between governments can reasonable stability of agricultural prices be achieved. We believe that for many commodities the most satisfactory method would be intergovernmental commodity arrangements and agreements."

To this end I.F.A.P. should press F.A.O. and I.T.O. to expedite the necessary consultation and cooperation between governments to ensure reasonable stability of agricultural prices as between producer and consumer of those products placed on the world's export market. This it is felt can often best be secured by international commodity agreements. At least in so far as the staple commodities are concerned, amongst which wheat and rice are of outstanding importance with wool, cotton, sugar and possibly very few other commodities. Where an international commodity agreement is based on commercial trading between minimum and maximum price ranges, the minimum price should never be lower than the real cost of production by efficient producers in the exporting countries.

"I.F.A.P. attaches the greatest possible importance to the early conclusion of a wheat agreement, because it believes that wheat is basic to world agricultural economy, and unless an international wheat agreement is possible, it is unlikely that any other commodity could be tackled on this basis.

I.F.A.P. regrets and expresses grave concern that Draft Agreement as finally presented to the London Wheat Conference in 1947 did not prove acceptable to all participating countries. Moreover this Agreement, amended if necessary, should still be brought into being with the utmost despatch.

I.F.A.P. resolves therefore that constituent members be urged to press their respective governments for the early establishment of a wheat agreement and that I.F.A.P. should communicate forthwith with the Wheat Council, F.A.O. and any other appropriate agencies, intimating its grave concern, and stressing the necessity for a wheat agreement at the earliest possible date."

I.F.A.P. in its relationship to I.T.O.

"I.F.A.P. recognises the important contribution that an international trade organisation can make to the promotion of full employment and the raising of the standard of living of the peoples of the world by means of a freer trade."

In developing policies consideration should be given to programmes designed to bring about a balance between production and the needs of the people rather than merely a commercial exchange of goods.

I.T.O. should be an instrument wherein industry, labour and agriculture should have an equal voice in developing policies. Since agriculture has such a vital interest in trade, the agricultural viewpoint must have adequate representation in the development of policies. I.F.A.P., therefore, insist that in establishing an international trade organisation, means be provided whereby the purposes of F.A.O. can be made effective in developing policies, especially in the fields of commodity agreements in agricultural products.

We also believe that effective means must be provided and maintained whereby the co-ordinated views of I.F.A.P. can be placed before any international trade organisation. We, therefore, recommend that each member of I.F.A.P. seeks to establish means whereby the viewpoint of farmers in their respective countries can be placed before the officials of governments responsible for the development of policies pertaining to international trade.