

## COMMITTEE ON COMMODITY PROBLEMS

## NINTH MEETING

26/27 July 1950  
2:30 p.m.Room 903 Longfellow Building  
1201 Connecticut Avenue, N.W.

PRESENT: (In the Chair) Dr. G. S. H. Barton

AUSTRALIA	- Mr. J. U. Garstide Mr. A. F. Magee	UNITED KINGDOM	- Mr. R. Burns
BRAZIL	- Mr. A. L. Sarmiento*	UNITED STATES	- Mr. F. M. Rhodes Mr. H. Ioane Miss D. Rafler Mr. L. I. Highby*
CANADA	- Mr. J. H. English* Mr. G. A. Browne**	CHAIRMAN OF FAO COUNCIL	- Lord Bruce*
CUBA	- Dr. Ricardo Saratosa	DIRECTOR-GENERAL	- Mr. N. E. Dodd*
EGYPT	- Mr. Anwar Mazi	SECRETARY	- Mr. F. B. Northrup
FRANCE	- Mr. E. Demont Mr. A. Forestier	FOOD AND AGRICULTURE ORGANIZATION	- Sir Herbert Broadley Mr. H. G. Clowes* Mr. H. V. Knight Mr. D. M. Lubbock* Mr. J. L. Orr Mr. M. Veillet- Lavallee** Mr. A. Viton*
INDIA	- Mr. P. Vaidyanathan	RECORDING SECRETARY	- Miss H. J. Evans
INDONESIA	- Mr. S. Tjitroksesoemo		
ITALY	- Dr. F. M. Rogers		
NETHERLANDS	- Mr. W. Lammers		
PAKISTAN	- Mr. Mansud Ahmad		

representatives of other member Governments of FAO:

Belgium - Mr. A. Coustry\*  
Israel - Mr. A. C. Liverhant\*

Observer:

IFAP - Mr. A. Cairns

\* Attended 26 July Session  
\*\* Attended 27 July Session

The Chairman, in welcoming Lord Bruce, remarked that his presence was particularly opportune at the present meeting, which had before it a continued discussion of the report of the Ninth Session of the Council of FAO of which Lord Bruce was Chairman. He briefly recapitulated for Lord Bruce's benefit the course of the Committee's discussions since the Rome Council Meeting and then drew attention to the Price Stabilization Plan put forward by Lord Bruce for consideration by the Committee and circulated as CCP50/58.

Lord Bruce then made a statement which is appended as Annex 1 to these Minutes.

The Chairman thanked Lord Bruce for the benefit of his observations and remarked that obviously Lord Bruce had a wider conception of the Committee's functions than had been in the minds of the Committee's members, although he agreed that FAO was charged with the prime responsibility of considering commodity problems. Having been a member of Committee A of Commission I at the 1949 Conference, which Committee had been assigned the task of reviewing the IOCEH proposal and action thereon, he wished to stress that that Committee had been most diligent in prescribing the functions to be charged to the present Committee on Commodity Problems, which he personally had endeavored to see phrased as broadly as possible. However, the terms of reference eventually agreed by the Conference had contained a clause limiting the Committee's study to the problem of surpluses arising from financial disequilibrium and balance of payments difficulties, and he ventured to suggest that the Conference itself might have been somewhat remiss in not challenging this limitation. With reference to Lord Bruce's remarks regarding a full time Chairman, he pointed out that this suggestion had not been approved by the Conference and, as a result, the Chairman of the Committee, in common with all other members of the Committee, could only devote to the Committee such time as could be spared from other duties. He believed, therefore, that both by its terms of reference, its very constitution and the time available before the next Conference, the Committee could not be expected either to undertake a study of all aspects of the commodity problem, much less to produce a complete scheme for their solution, as Lord Bruce seemed to have indicated. He felt the Committee's endeavors to date to deal with surpluses arising from balance of payments difficulties were all that could be expected although the outcome still remained to be seen. The present time, however, did not appear conducive to the disposal of surpluses since although there were known to be areas where nutritional standards were low actual starvation was not apparent. He suggested the Committee should carefully examine its terms of reference in the light of Lord Bruce's remarks and include in its report to the Council and Conference any recommendations which it thought appropriate, and it would then be for the Council and Conference members to take what action they saw fit. He confirmed Mr. Garside's interpretation of Part I, 3 of the Report of the Ninth Session of the Council to the effect that, in terms of action, the Committee's functions had not been extended beyond the original terms of reference.

Mr. Garside (Australia) gave a summary of the events leading to the creation of the Committee on Commodity Problems, which Committee, he stressed, was composed of the Washington representatives of the various countries who were members of the Committee, all of whom had heavy responsibilities outside their participation in the Committee's affairs. In referring to Lord Bruce's remarks he pointed out that criticism of FAO as an organization applied equally to member governments, since it was the latter who took Conference decisions, in accordance with which the Director-General and his staff had to operate. He recapitulated the achievements of the IERC and of the Special Cereals Conference called in Paris which, he felt, were commendable. He pointed out that it was the FAO Conference in 1949 which had rejected the IOCEH proposal, and in remarking that an, similar scheme which might be drawn up would require the establishment of an international body with executive authority, he doubted whether nations would be willing or able to accept the authority of such a body. He agreed with the Chairman that the present Committee could not be expected to produce a comprehensive scheme, which would require more time and concentrated study than could be spared by its members, who would necessarily have to depend on the Director-General of FAO, or alternatively on their own governments, to submit propositions.

Mr. Rhodes (U.S.) remarked that the Committee now appeared to be in a quandary, apparently being faced with two sets of terms of reference, (i) as approved by the Conference in 1949, and (ii) as appearing in Part I, 3 of the Report of the Ninth Session of the Council. However, he believed that perhaps the Committee should not endeavor to adhere too closely to its original terms of reference, although he was of the opinion that those terms had been limited by intention rather than by oversight, for had they been wider there might never have been Conference agreement on the establishment of the present Committee. He did not believe that hitherto the Committee had been overly careful in interpreting its terms of reference and remarked that the time available before the next Council meeting and full Conference would not permit the Committee's report to do more than cover the type of activities undertaken to date.

Mr. Burns (U.S.) wished to suggest with all respect that the Council and Conference might have been suffering from the same perplexity as members of the Committee on Commodity Problems, i.e., there was a certain confusion of thought between current surpluses which were mainly due to balance of payments causes and what might be called the old style surpluses. Questions of price stability were related in different ways to these two situations. He agreed that these two questions were inter-related but suggested that the present pressing problem before the Committee was that involving surpluses now in existence, to which matter he believed the Committee had quite properly devoted most of its attention. He believed a certain amount of confusion might have arisen from the Committee's efforts to consider the matter in wider terms while basing its thoughts on the particular situation existing at the moment. He entirely agreed with the Chairman that the Committee's primary purpose was and should continue to be to deal with surpluses arising from balance of payments difficulties. He remarked, however, that at least points (e) and (f) in Part I, 3 of the Council's Report looked beyond existing surpluses, and he believed the Committee might quite fairly be expected to give some attention to these points, although he agreed that it could not be expected to produce a comprehensive report on them for the November Conference. Finally, in admitting the natural temptation to look at the problem as a single one involving commodity surpluses, he remarked that in his opinion the matter could not be dealt with by grand strategy but would have to be tackled piece by piece, which concept should inter alia be kept in mind in studying points (e) and (f).

Dr. Rogers (Italy) agreed that the Committee was placed in a dilemma by its own physical limitations and the deep responsibility of FAO with regard to commodity problems. He suggested, however, that the limited time available could be usefully employed by mobilizing whatever forces were available within FAO in an endeavor to indicate to the Council and Conference the lines of action which might be suggested for the future.

Mr. Demont (France) stated that he too experienced legal scruples in attempting to compromise between the relatively narrow and precise terms of reference assigned to the Committee and the wider aspect of the problem before it. He thought the Committee should take into account the rather deliberate efforts on the part of certain governments at the 1949 Conference to limit the functions of the Committee. He agreed that commodity problems presently existed throughout the world and that FAO was the appropriate body to deal with such problems, but at the present time he felt that the Committee on Commodity Problems did not have the requisite authority and was therefore faced with the alternative either of standing accused of exceeding its functions, or of interpreting them too narrowly. However, he believed that the Committee should interpret its terms of reference as broadly as possible although, of course, it could not attempt to cover the whole field of commodity problems.

Mr. Vaidyanathan (India) was of the opinion that too much emphasis was being laid on the Committee's terms of reference and that members should by all means endeavor to draw up a skeleton formula for dealing with the surplus and deficit problems, together with the balance of payments question for consideration at the next Conference. He cited the three different types of countries concerned with this problem, namely (i) an exporting country with a low population such as Australia, (ii) an exporting country with a large population and also a surplus problem like the U.S., and (iii) a country with a deficit in supplies, and suggested that whatever formula was devised should take these three cases into account.

Mr. Garside (Australia) believed that the Committee's dilemma was not whether it should confine its consideration to surpluses arising from balance of payments difficulties but whether it was competent to do anything more.

Lord Bruce then made a statement which is appended hereto as annex 2.

The Chairman expressed the Committee's indebtedness to Lord Bruce for his presence at the meeting and his interpretation of the Council's views. With the exception of point (c) on which reservations had been expressed by the delegates of Canada and of the Union of South Africa, he believed that all the points in Part I, 3 of the Council's Report might be considered as falling within the Committee's terms of reference if those terms were interpreted in the liberal manner which Committee members appeared to agree. On point (c) he had himself expressed the view at the Council meeting, which view he still supported, that financial and exchange arrangements for stimulating the interchange of commodities were quite beyond the Committee's competence, and he believed that it was the aspect presented in point (c) which had

been a basis for the rejection of the ICOM proposal at the 1949 Conference. With regard to Lord Bruce's remarks as to the advisability of seeking the assistance of experts, the Chairman wished to record that insofar as the Committee's needs were concerned the present Secretariat had provided adequate and competent service, although he felt sure that the Distribution Division would never claim that it was equipped with such staff as would be required to give consideration to profound economic proposals, which necessarily required the consideration of governments. Further, he pointed out the budgetary difficulties involved in appointing experts such as those suggested by Lord Bruce. Although at the Council meeting there had been a general discussion there had been no particular discussion either of Mr. McFarland's proposal or of the price stabilization plan now put forward by Lord Bruce, and when action was involved as in the case of the present Committee a quite different problem was posed. He believed the Committee would have to continue its consideration of the problems at hand and he agreed that it could undertake an examination of the references from the Council in an endeavor to discover what action, if any, it could take or recommend, although he doubted the practicability of arriving at positive conclusions before the next Conference. However, he was firmly of the opinion that before any new scheme was submitted every effort should be made to ascertain its acceptability in advance and thus prevent a repetition of the ICOM experience.

Mr. Perside (Australia) desired to make clear that the statements he had made were on a personal basis only and did not necessarily represent the views of his Government.

Mr. Hani (Egypt) believed that in any effort to take a constructive line of action the Committee could legitimately go beyond its terms of reference, particularly the limitation regarding surpluses arising from balance of payments difficulties, which in some instances tended to preclude a prospective purchaser from procuring supplies and a surplus-holding country from disposing of its surpluses. In regard to Lord Bruce's remarks, he did not believe it would be necessary to engage further personnel unless additional services were required by the Committee which could not be provided by the Secretariat.

On the departure of Lord Bruce at 4:20 p.m., the Chairman called for consideration of

Item II. Further consideration of Part I, 3 of the Report of the Ninth Session of the Council of FAO

The Chairman summarized the Committee's activities to date as having met in part the suggestion contained in point (a) of Part I, 3 of the Council's report. It had been suggested at previous meetings that point (b) might be met in part by bringing the World Food Survey up to date and studying the food balance sheets prepared by the Economics Division. However neither of these two efforts, nor the circular letter despatched by the Director-General, nor the reports received from Dr. Aykroyd of Nutrition Division had revealed, or were likely to reveal, the specific areas where additional food supplies might be required at special prices, and he therefore called for further comment on point (b).

Mr. Cairns (Secretary-General of IFAP) responded to the Chairman's call for comment by thanking him for his invitation to be present, and then drew attention to his terms of reference as set forth in paragraph 26 of the Report of the Policy Committee to the Council of IFAP (circulated as C.P.50/53). He then read the resolution unanimously adopted by the IFAP Executive Committee at its Tenth Session held in Sweden on 8 June 1950, i.e.,

"The Executive Committee of IFAP instructs its Secretariat, within the limitations imposed by its budget and personnel, to invite member organizations to furnish the information referred to in paragraph 26 of Document No. 39 of the Saltajobaden Conference. The Executive Committee further instructs the Secretariat, upon receipt of such information, to give every assistance to the responding IFAP member organizations in exporting and importing countries to explore the possibilities of their agreeing on concrete proposals to move surpluses to countries of need on the understanding that should the member organizations concerned reach agreement thereon (including prices and other terms of sale) they will approach their respective governments and recommend the favourable consideration of their joint proposals."

With regard to his speech at the Rome meeting of the Council of FAO to which Lord Bruce had referred, Mr. Cairns believed that the second and third paragraphs of the Preamble to the Policy Committee's report might give those present a better appreciation of IFAF's deep interest in FAO and its sincere desire to assist FAO wherever possible, which sentiment was further endorsed by paragraph 26 of the Policy Committee's report. He then quoted an excerpt from the opening address made by Mr. Hannan, President of IFAF, at the Saltsjobaden Conference, as follows:

"While recognizing the extent to which we share ideals and objectives with FAO, and while acknowledging the close and fine working relationship which we enjoy with that Organization, our producers would have us record our disappointment at the negligible progress made by the member governments of FAO since Hot Springs in translating into practical action programs the principles set up at that time, principles which held out so much hope for people everywhere whether consumers or producers.

"Particularly have governments fallen down to date in making available to people in need the surplus production of the greatly expanded agricultural plants of those countries which produce in excess of domestic requirements.

"However, IFAF will continue to blend its voice of disappointment at this lack of action with steadfast support of FAO's objectives to raise nutritional levels and assure agricultural producers of equitable and stable returns. We will place our full weight behind any worthwhile measure undertaken to implement these common objectives of IFAF and FAO."

Mr. Cairns reported that since his return to Washington he had met several times with leaders of the U. S. farm organizations, who fully shared the view that events of recent weeks had greatly accentuated the need for avoiding the creation of any impression that it was not in the general interest to have full - out agricultural production. He personally firmly believed that international interests were far more important than national interests, and had been most encouraged in this regard by the recent developments in connection with the Korean situation. He quoted paragraph 24 of the Policy Committee's report, which strongly urged the ratification of the ITC Charter and made special reference to Chapter 6 thereof. In correspondence with members of his Organization who were in close contact with their various governments he had gained the impression that there would be great disappointment if the next FAO Conference failed to reconsider the commodity situation in the light of (1) the new circumstances, (2) the ITC Charter, and (3) the interest manifested by the Economic and Social Council as evidenced in the report entitled "National and International Measures for Full Employment" published by UN in December 1949. He understood from personal correspondence that ICCICA was making representations to UNCTAD regarding the slow progress being made regarding stabilization measures. He believed that it might be advantageous for the Committee on Commodity Problems to examine the purely procedural difficulties which might be resulting from previous understandings between governments and the various organizations involved.

Mr. Cairns then referred to an IFAF resolution instructing that Organization's Secretariat to prepare a draft report as to the international action required in respect of dairy products and eggs.

The Chairman thanked Mr. Cairns for his statement and called for further comment on point (b).

Mr. Vaidyanathan (India) suggested that it might be advisable for the Committee to investigate why, when it was known there were definite needs in various parts of the world, no country had come forward with a statement of its requirements.

The Chairman recalled that this point had been discussed at previous meetings and suggested that there might very well be good reasons for this lack of response; in particular he pointed out that the Committee's last communication had only recently been despatched.

Mr. Carside (Australia) suggested that insofar as the butter offered by the United States Government was concerned the form of packing might be a deterrent.

The Secretary reported that in accordance with the Committee's decision a letter had been despatched by the Director-General to regional representatives asking the latter to approach the governments with whom they were in contact and report back to the Director-General any information they could gather in regard to the reception accorded the U. S. Government's availabilities.

The Director-General stated that he had also sent personal letters to various Foreign ministers and other government officials throughout the world in this regard.

In response to a remark from Mr. Carside (Australia) to the effect that the Committee had agreed at previous meetings on certain follow-up procedures, the Chairman reported that in fact the Secretariat had already gone to considerable lengths to implement this Committee instruction.

In response to an inquiry from Mr. Wiazi (Egypt), Mr. Ioanes (U.S.) stated that it was doubtful whether the Granger Bill (H.R. 8942), which was at present before the House Agriculture Committee, would be passed in its present form. He had reason to believe that the Bill would be amended so as to permit payment of freight charges by the U. S. Government to the nearest U. S. port. Further, it was likely that it would be only U. S. relief agencies which would be eligible to secure supplies under the bill but it was possible that in effecting distribution abroad those U. S. agencies could make use of national relief agencies in overseas countries.

The Chairman remarked that as far as he was aware, apart from UNICEF, no international body existed with the authority to distribute supplies under supplementary feeding schemes such as those envisaged by the Committee, which therefore seemed to necessitate the establishment of machinery not presently at the disposal of the Committee, for the distribution of present surpluses.

Mr. Burns (U.K.) understood that the Committee's function was to explore the possibilities but not itself to enter into the field of action which would require a very different kind of organization such as had obviously never been contemplated by the 1949 Conference. He suggested that under point (b) the Committee might in September review any replies received to the approaches now being made.

Mr. Cairns (IFAP) referred, in connection with the latest offer of the U. S. Government to sell at nominal prices certain commodities of dried eggs and other dairy products to the following excerpts from a letter dated 12th July, received from one of the IFAP member organizations:

"Furthermore, we have recommended that the suggestion be made to the American Government that among other things it should do for the sake of the agricultural producers of other countries is either to offer the goods in question at the cost prices or at the prices of the world's market.

"We are of the opinion that if the American Government would be willing to accept our point of view it would thereby contribute to prevent the diffusion of unrest in the food market which the American policy has involved up to now in this respect."

In reply to this letter President Hannam had written, on 21st July, as follows:

"I think your answer should be entirely along the line of our IFAP's stand taken at Guelph and reaffirmed at Saltsjobaden in favour of special action programs. In putting forward this program we were expressly stating that nations should not individually undertake to dispose of surpluses at special prices. This should only be done through international supervision. If they were turned over, for example to UNICEF, or if they were reported to FAO's Commodity Committee asking it to find a place for them and approve of the disposal of the surplus, then that is quite a different matter. Only in that way can there be protection for third parties, whether competing countries or producers in the receiving countries. Where there is definite threat of such surpluses being dumped into countries I think they would be fully justified in bringing their protest out into the open - and if a little public relations work were done on it, I am inclined to think the four American farm organizations would be sympathetic toward the protest and would help to get disciplinary action opposing such a program."

Mr. Belmont (France) believed that one of the basic documents to be considered in connection with point (b) should be the World Food Survey.

The Director-General pointed out, however, that it would not be possible to revise the World Food Survey until late in 1951 and that it would not be practicable to bring it partly up to date in the meantime.

Mr. Orr pointed out that CCP50/55 gave a limited amount of information which might be of assistance in this regard.

Mr. Cairns (IACP), in response to an inquiry from the Chairman, confirmed that the IACP Secretariat was endeavoring to ascertain from the members of that Organization where food deficits were in existence.

Sir Herbert Bradley pointed out that the Council Report was a very abbreviated document and that a great deal of additional and useful material was contained in the summary records of the Council Session and in statements made by various delegates and observers. He suggested that it might save both time and effort if a subcommittee were appointed to pre-digest this material during the full Committee's proposed summer recess and to consult with the Secretariat as to what additional information would be of assistance.

The Committee adjourned at 5:15 p.m. to reconvene at 2:30 p.m. on Thursday, 27th July.

FAO ARCHIVES

The Second Session of the Tenth Meeting opened at 2:40 p.m. on 27th July.

The Chairman recapitulated Sir Herbert Broadley's suggestion the previous day to the effect that a subcommittee might be set up to study all relevant documents from the Council meeting. He called for suggestions from members regarding the areas under point (b) where additional food supplies might be required at special prices.

Mr. Vaidyanathan (India) inquired whether it was the intention that the Committee itself should study the food balance sheets and national target programs in an effort to see where deficits and surpluses existed.

The Chairman wondered whether the Committee's deliberations would in fact be furthered by a study of the food balance sheets.

Sir Herbert Broadley reported that the Economics Division was continuing to produce food balance sheets and that the information contained therein would always be available to members of the Committee. However, as Mr. Todd had already remarked, the World Food Survey could not be revised until 1951.

The Chairman thought it might be helpful if Mr. Lubbock, and other staff members working on the food balance sheets, could indicate to the Committee the conclusions to which the food balance sheets pointed.

Mr. Vaidyanathan (India) referred to his suggestion at a previous meeting that a statistical table be prepared by FAO staff, showing annual requirements and available supplies for each country, taking into consideration both net imports, net exports and normal consumption levels.

The Secretary referred Mr. Vaidyanathan to Document CCP50/55, pointing out, however, that the attached table gave the supplies rather than the requirements position; Mr. Vaidyanathan, however, did not believe this particular table would be of much assistance to the Committee. The Secretary assumed that Mr. Vaidyanathan was suggesting the adoption of the techniques employed by the IEFC commodity committees by which at periodic intervals had been prepared showing the import requirements of various countries for the commodities then under allocation.

Mr. Vaidyanathan (India) stated that in his view it would be advisable to ascertain the annual net available supplies in each area, together with actual consumption, from which could be calculated net exports or imports and thus arrive at net deficits or surpluses.

The Secretary reported that at the present time the annual returns from member governments were beginning to arrive in FAO, which would probably assist in this connection.

Mr. Vaidyanathan (India) remarked that his suggestion was probably one which might be considered by the proposed subcommittee. In his view it would be preferable to set out any table which might be prepared in terms of tonnages rather than calories.

Mr. Burns (U.K.) remarked that although he had no objection to the collection of any such material he wondered what use could be made of it by the Committee, because he did not believe any statistics on these lines would provide an answer to point (b). He recalled that the obstacle to the use of the surpluses was shortage of hard currency and he felt it must be for governments themselves to judge their requirements and what funds could be set aside to meet those needs. However, he agreed with Mr. Vaidyanathan's suggestion that the proposed subcommittee might inter alia study this particular matter.

Mr. Lammers (Netherlands) agreed with Mr. Burns (U.K.) and suggested that information regarding surpluses and deficits in various parts of the world was probably already in the hands of FAO staff.

The Chairman and Mr. Rhodes (U.S.) also agreed with Mr. Burns. Mr. Rhodes in particular could not see what could be accomplished by setting up tables similar to those used in IEFC times.



Mr. Vaidyanathan (India) inquired why, if as was contended FAO already had indications of where deficits existed, no further action was being taken, and referred in this regard to Sir Herbert Broadley's suggestion at a previous meeting that a "travelling salesman" be employed to further the Committee's objectives.

The Chairman reported that the Committee's instructions with regard to the despatch of letters, notifications to regional representatives, etc., were already on their way and that such follow-up procedures would be taken as were deemed necessary.

Mr. Demont (France) suggested that although the initial steps necessary in regard to point (b) had already been taken it might be advisable to despatch questionnaires at regular intervals with a view to keeping the world food situation under constant review.

The Chairman called for comment on point (c) in regard to which he himself had serious misgivings, for not only was it not in his opinion within the Committee's terms of reference but he doubted whether the Committee was competent to study this aspect.

Mr. Garside (Australia) believed that the aspect presented in point (c) might come up in connection with a proposed scheme such as that put forward by Mr. McCarthy rather than requiring consideration in isolation.

Mr. Demont (France) inquired whether, during the Council Session, some reference had not been made to the effect that in regard to point (c) FAO should collaborate with other international organizations, but the Chairman could not recall any such reference.

The Secretary, however, pointed out that the report of the 1949 Conference indicated that any transactions which might take place as a result of action on the part of the Committee should be checked with the International Monetary Fund.

The Chairman remarked that the Committee's terms of reference stated that the movement of food might be accomplished by the use of credit and the Committee's discussions to date seemed to have indicated that if a surplus-holding country desired to arrange credit for the disposal of its surpluses there would have to be some assurance that the general currency situation was not thereby impaired.

Mr. Garside (Australia) recalled that one of the reasons for the rejection of ICCH had been the proposed international credit arrangements, although he believed it had been recognized that credit might be arranged bilaterally.

In response to an inquiry from Mr. Mazi, the Chairman stated that the term "exchange" in point (c) undoubtedly referred to funds rather than commodities.

Mr. Burns (U.K.) recalled Sir Herbert Broadley's suggestion with regard to the establishment of a subcommittee to study the statements made by various delegates and the 6 points set out in the Council's Report, and remarked that such a subcommittee might find it possible to determine in this context whether point (e) could or could not be considered as falling within the Committee's terms of reference.

Mr. Demont (France) inquired whether it might not have been the Council's intention that it looked primarily to the Committee on Commodity Problems to consider points (a), (b), (d), (e) and (f) but realized that point (c) would inevitably arise in connection with the other points and had, therefore, attempted to indicate that the Committee should not be afraid to consider the aspect set forth in (c).

The Chairman reported that points (a)-(f), including (c) (to which he had taken exception already during the Council discussions) really constituted a selection from all the suggestions put forward at the Council meeting.

Sir Herbert Broadley reported further that point (c) had arisen out of the proposals put forward at the Council meeting by Mr. Sen (India) and he quoted in this regard page 3 CL9/SR9 (circulated to the Committee on Commodity Problems as CCP50/39).

The Chairman then called for comment on point (d) of Part I, 3 of the Council's Report.

Mr. Rhodes (U.S.) expressed the belief that the recent availabilities made known by the U. S. Government constituted at least a first approach to point (d) and that there was nothing more which the Committee could do at the present time than await responses to CCF50/44 and CCF50/57.

The Chairman was of the opinion that to a large degree the Committee had already canvassed the possible uses for surplus food and had agreed that the major possibilities seemed to be through some form of supplementary feeding program or to meet general nutritional deficiencies in countries where consumption was low.

Mr. Cairns (IEAP) recapitulated certain suggestions which he had made on behalf of IEAP at the Council meeting. He had suggested, in regard to the Point IV program, that it might be advisable for governments or responsible authorities to have access to stockpiles of food for use in connection with irrigation or land reclamation projects. Secondly, he had referred to certain current mass migration projects in connection with which relevant authorities might wish to avail themselves of food surpluses. However, either of these two suggestions would undoubtedly involve the establishment of executive machinery, either under the aegis of FAO or some other international body. In this regard the members of his Organization attached great importance to Item 7 of the agenda for the special session of the FAO Conference to be held in November 1950 and hoped to see included thereunder consideration of the commodity problem.

In response to an inquiry from the Chairman, Mr. Cairns (IEAP) stated that mass migration projects were presently contemplated either under the auspices of ILO or some other international body. He pointed out that immigrants invariably required assistance pending their establishment in a new land and the members of his Organization felt that it would be necessary to establish some sort of executive machinery to provide food supplies for those immigrants, preferably under the aegis of FAO.

Dr. Rogers stated that as his Government had a particular interest in this problem and was currently working out detailed plans for the promotion of emigration, he felt sure his Government would fully support Mr. Cairns' proposal. He wished to point out, however, that the problem of mass migration was not of a temporary nature but would be present for many years; for instance, in Italy there were approximately 2 million men whom it was desired to re-settle and under present plans it was proposed to move not more than a half million annually.

Mr. Demont (France) suggested that the Committee might communicate with IRO and ILO along the lines of its letter to UNICEF, indicating the Committee's interest in this matter and possible lines of action.

Dr. Rogers, however, thought it would be preferable to await the outcome of the meeting on this subject presently being held in Paris, for it was possible that a new international organization might be set up for the purpose. \*

Sir Herbert Broadley suggested that it would be advisable to send to Mr. McDougall, who was presently attending the Paris meeting, a copy of the Minutes of the present discussion.

The Chairman expressed his interest in the aspect presented by Mr. Cairns and thought it might be possible to make use of the migration development as an outlet for surpluses.

Mr. Cairns (IEAP) pointed out that this would certainly be a method to supply food at nominal prices to people who could not otherwise afford it. In any event a terrific financial burden would have to be met by whatever government undertook the migration project and any assistance by way of food supplies would be of real value.

Mr. Garside (Australia) remarked that as far as Australia was concerned the migration project did not present difficulties as regards food supplies although it would undoubtedly have an effect on food exports; for instance if the Australian population were to attain the 20 million level it was believed that Australia would no longer be able to export meat unless there was a considerable expansion of production. Australia's difficulty as regards a migration project was rather in regard to heavy industry and the capital required for it. He imagined that the difficulties of other countries in this regard would be greater at the outset of a migration project rather than later when immigrants would be able to support themselves.

CONFIDENTIAL

Mr. Burns (U.K.) assumed that Mr. Cairns was not suggesting that no effort should presently be made to move existing surpluses, nor that they should be preserved for a contingent need.

Mr. Cairns (IFAP) replied that he was not suggesting that it would be practicable to reduce present U. S. stocks by sending them to a country anticipating mass immigration. He wished to stress that if the Committee really intended to take serious steps to move surpluses it would be necessary to set up an executive body with working capital which would be in a position to buy supplies.

The Chairman called for the Committee's views on Mr. Demont's suggestion that an approach should be made to the authorities now meeting in Paris to ascertain the results of their discussions and whether the Committee on Commodity Problems could be of assistance to them.

Mr. Lammers (Netherlands) commented that not only would it be necessary to feed new immigrants on their arrival into the country but they would have to be fed en route.

In reply to Mr. Vaidyanathan (India), the Chairman remarked that in his opinion point (d) applied to both short term and long term projects.

Mr. Cairns (IFAP) believed that point (d) had been inserted in the Council's Report largely as a result of certain suggestions which he had made in Rome. He wondered whether the Committee had considered the possibility of making an approach to the Vatican and cited instances of the latter's effectiveness in distributing food to the needy.

Dr. Rogers (Italy) strongly supported the latter suggestion, remarking that the Vatican had agencies all over the world which already had considerable experience in food distribution.

Mr. Lammers (Netherlands) also supported the suggestion.

In reply to an inquiry from Mr. Demont (France), Sir Herbert Broadley stated that CCP documents were currently distributed only to FAO member governments and had not, therefore, been despatched to the Vatican, which fell in a special category classed as a Permanent Observer.

Mr. Browne (Canada) inquired whether Mr. Cairns' suggestions with regard to mass migration were intended primarily to promote migration or to dispose of food surpluses.

Mr. Cairns (IFAP) replied that the principal purpose of his suggestion was the promotion of migration which was a painful necessity in many parts of the world at the present time but it would incidentally assist in the absorption of food surpluses.

Mr. Vaidyanathan (India) pointed out that in countries like India and China there was not only a large food deficit but also a great disinclination on the part of the population to move out of the country.

The Chairman thought in these cases that it was a question of taking food to the people in India and China rather than bringing people to the food. He then called for comment on Mr. Cairns' suggestion that an approach be made to the Vatican.

Mr. Demont (France) suggested that FAO might more advantageously communicate with the Director-General's regional representative in Rome and ask him to contact the Vatican in this regard.

Mr. Rhodes (U.S.) agreed that contact through the Rome regional office would be preferable, particularly as the Committee normally communicated with governments.

It was agreed that the Director-General's regional representative in Rome should be asked to communicate with the Vatican in this connection.

The Chairman called for comment on point (c) of Part I, 3 of the Council's Report.

Sir Herbert Broadley recalled that both the McCarthy proposal and the one put forward by Lord Bruce dealt with this aspect, and other speakers at the Council meeting had made statements to the effect in spite of the rejection of the proposed World Food Board and of the ICCI scheme FAO should continue in its endeavors to devise machinery in this regard which would be acceptable to governments.

Mr. Burns (U.K.) assumed that in any consideration of points (e) and (f) it would be necessary for the Committee to go beyond the question of surpluses arising from balance of payments difficulties and to study surpluses in general, which view was confirmed by the Chairman.

Mr. Demont (France), while not wishing to discourage the Committee from further effort, doubted whether its members were equipped to deal with point (e).

Mr. Vaidyanathan (India) could not understand why under point (e) the question of price stability and the disposal of surpluses through international machinery had been put together, and could not agree with the Chairman's view that these two matters were inter-related.

Mr. Burns (U.K.) was of the opinion that any consideration of points (e) and (f) would involve going further than the Committee had anticipated during its previous discussions and he agreed with Mr. Demont that it was hardly equipped to do so. However, he thought the Committee would be bound to consider ideas which had been advanced at the Council meeting and the proposal put forward by Lord Bruce.

The Chairman did not believe that the Committee had been established for the purpose of drawing up any master plan as might seem to be indicated under point (f) and agreed that in any event it was not competent to do so, pointing out that in 1949 it had been felt necessary to appoint a special group of experts to study the plan which had finally been presented in the ICCI scheme. However, he thought the Committee might make a useful contribution by commenting on the plans which had been submitted, although he for one would not wish to be required to pass judgment on any scheme.

Mr. Burns (U.K.) was of the opinion that the furthest that the Committee could go in commenting on plans already submitted would be to indicate whether they offered possibilities for further study or whether it was felt they were on the wrong track. He himself inclined to the view, with which he believed his Government was also in sympathy, that conditions varied so much from case to case that it would be preferable to proceed by individual commodity agreements, such as the wheat agreement, rather than endeavor to draw up an integrated master plan for all commodities. It was to this type of consideration that he felt the Committee should confine its efforts.

Mr. Anodes (U.S.) agreed that the present Committee was never intended to produce a master plan for presentation to the FAO Conference. As he had previously stated the terms of reference had been intentionally limited by the 1949 Conference because it had been felt that if they were not so limited agreement would never have been reached on the establishment of the Committee. Even if the expanded terms of reference in the Council's Report were accepted it was entirely too late to set up the machinery which would be necessary to produce a master plan in time for the 1950 Conference. However, he did agree that the Committee might come forward with suggestions as to what the next procedure might be and could also comment on the plans already submitted, but even more he felt the Committee might recommend to the Council and Conference what sort of action might be taken by the latter with respect to the setting up of machinery for the development either of an overall master plan or a series of commodity arrangements such as the wheat agreement.

Mr. Lammers (Netherlands) felt that the Committee would not be censured if it went beyond its terms of reference, especially in view of the Council's Report but he felt the time would be too short before the 1950 Conference to establish machinery which might produce a master plan. However, the Committee might certainly study the schemes now before it and make recommendations to the Council and Conference which might avoid some of the pitfalls experienced as regards the ICCI plan.

Mr. Vaidyanathan (India) was of the opinion that point (e) presented a very substantive job and he entirely agreed that it would be difficult for the present Committee to tackle it. He felt the only recommendation which the Committee might make to the Council and Conference was that this particular matter should be studied by a small group of experts.

Mr. Desont (France) agreed with Mr. Lammers (Netherlands) and Mr. Rhodes (U.S.) regarding the Committee's responsibility and thought the Committee could not be expected to define in detail any kind of international machinery designed to achieve price stability. However, the Committee could perhaps study the general principles on which it might be possible to base price stabilization policy in present circumstances. The Committee could certainly study the schemes now before it and could also look at the present situation, examine its flaws, and consider the type of remedy which might be found for both present and future difficulties. The Committee might also draw on its past experience and endeavor to avoid any suggestions which had already been rejected by governments.

Mr. Cairns (IEA) stated that his Organization realized that any scheme which attempted to solve the present surplus and allied difficulties must be a matter for negotiation between governments, and had not therefore itself produced any proposal. His Organization had, however, suggested the nuclei for two plans, one of which involved the creation of an international fund to move at special concessional prices various burdensome surpluses in conformity with FAO objectives by means of supplementary feeding programs and other special devices. Another suggestion put forward at the IEA Conference at Kefauver had been along the lines mentioned by Mr. Burns, namely a series of commodity agreements each integrated with the other. Although it was not for him to comment on the question of procedure and the Committee's terms of reference, he would feel real progress were being made if the Committee could recommend to the next FAO Conference (1) that in view of its experiences to date the Committee felt it would be essential to establish a small executive body with working capital to deal with surpluses, and (2) that a series of commodity arrangements, as suggested by Mr. Burns, should be promoted. The members of his Organization fully realized that any endeavor to draw up a master plan for price stabilization would involve great economic and fiscal problems, and was probably too ambitious at the present time.

The Chairman agreed that the Committee might well make two such recommendations, although as yet it had not reached a suitable stage to do so. With regard to an earlier point made by Mr. Cairns, he personally very much hoped that under Item 7 of the suggested agenda for the November Conference would be included consideration of commodity problems.

Mr. Garalde (Australia) remarked, in connection with the references made to commodity arrangements, that these necessarily involved a difficult currency question, and he pointed out, for instance, that it was only ECA dollars that permitted the present functioning of the Wheat Agreement.

Mr. Vaidyanathan (India) was of the opinion that it was comparatively easy for an agreement on a commodity like wheat to function because of the great importance of the commodity involved, but with less basic commodities the difficulties might be greater.

The Chairman drew attention to point (f), remarking in this regard that the promotion of commodity arrangements had been a cardinal principle of FAO ever since its inception. However, he was not sure of the present Committee's competence to advocate commodity agreements and he submitted, with all respect to the Council, that its members might not have given due regard to the Committee's terms of reference in this connection, particularly C-7/56 add. from which he then quoted excerpts. He pointed out that FAO was a member of IOOICA and was also recognized as having a legitimate function to promote commodity agreements, and he supposed that as an instrument of FAO the present Committee might be assigned some part of that function.

Mr. Garside (Australia) pointed to the difficult and protracted negotiations required in the drafting of the wheat agreement which should not, however, hinder the study of further commodity agreements, for the very fact that it had been possible to agree on wheat was an encouraging indication. His doubts with regard to the negotiation of new agreements were centered on currency difficulties for which reason he had misgivings as to whether the Committee could do anything under point (f).

Mr. Burns (U.K.) remarked that his previous statement should not be interpreted to mean he had already reached a conclusion regarding point (f). All he had intended to suggest was that the Committee should examine point (f) during its discussions before November, for he agreed that action on this point would not necessarily be either for the Committee or for the FAO Conference, but would probably fall under the auspices of ICCICA. Bearing in mind the Council discussions leading to the inclusion of point (f) in its report all he suggested was that the Committee, having considered the issues involved, should or should not recommend to the Conference that the latter should in turn recommend that ICCICA should or should not take action.

Mr. Demont (France) was not clear as to whether the intention in point (f) was that the Committee should either confirm or reject the idea that commodity arrangements were in themselves advantageous or whether it should recommend commodity arrangements in respect of particular commodities. For the Committee merely to re-affirm the advantages of commodity arrangements would not, in his view, be of much assistance as this opinion had already been expressed by the Council. On the other hand he did not believe the Committee was competent to review the situation with regard to specific commodities.

The Chairman inquired whether the Committee had any views as to what the proposed subcommittee should do under points (e) and (f).

The Secretary suggested that the proposed subcommittee might be requested to set out an initial outline for the Committee's report to the Council and the Chairman suggested that it would be in order for the subcommittee to undertake such an activity.

Mr. Rhodes (U.S.) was of the opinion that if the Committee decided to recommend to the Council under point (e) the creation of a special group to develop a master plan, that recommendation should include guidance as to the type of plan envisaged. In this connection he thought it most essential that advance indications should be given of the size of the funds likely to be necessary.

Sir Herbert Bradley believed that the Committee's discussions to date favored the creation of a subcommittee such as he had suggested the previous day. This subcommittee, in consultation with members of the staff who had been present at the Council meeting, could meet for two or three weeks to study the summary records of the Council and the statements made by various delegates in Rome. It might consider those points under (a)-(f) which the Committee felt worthy of further exploration in an endeavor to bring out the issues involved requesting additional information from the Secretariat as might be felt desirable. The subcommittee should proceed not so much with the idea of arriving at final decisions or recommendations -- which were a matter for the Committee as a whole -- but in an endeavor to pre-digest the material at hand. He personally regretted, for instance, that to date FAO had done so little towards the promotion of commodity agreements, and he thought it advisable for FAO to stand by with suggestions as to appropriate machinery for dealing with the position of primary commodities in regard to commodity agreements in case there was further delay in the establishment of ITO. He cited discussions now under way with regard to possible olive oil and copra agreements which were currently taking place under the auspices of organizations other than FAO; although it might be contended that although in the long run it was not important under whose auspices commodity arrangements were agreed it would in his view be a pity if FAO thus failed to live up to one of its primary objectives. ICCICA was a very small part and at its meeting in Washington in June 1950 it had not been able to do more than recommend that the Secretary-General of UN should with the approval of ECOSOC be responsible for the calling of commodity conferences which was another development outside FAO.

In response to the Chairman, Sir Herbert Bradley stated that in his opinion the proposed subcommittee should study all the points (a)-(f) unless the Committee was of the view that point (c) went too far.

Mr. Lammers (Netherlands) confessed himself somewhat confused by the Committee's discussions to date and thought it would be most helpful to all members if the subcommittee could draw together the points contained in the summary records of the Council, the statements made in Rome and also views expressed during the present Committee's meeting.

Mr. Burns (U.K.) supported Sir Herbert Broadley's suggestion for a subcommittee and added that the latter might also prepare a draft report from the Committee to the Council.

In reply to Mr. Demont (France), Sir Herbert Broadley stated that the next Conference was due to open on 6 November, to be preceded by a short Council meeting. According to the present agenda commodity problems would not be discussed at the Conference but would be considered at a full Council meeting to be held immediately after the Conference. As Council members would presumably be leaving for Washington about 20-25 October and would need to study the Committee's report before their departure, the latter report should be in their hands not later than 6-10 October, which in some cases would require the despatch of that report from Washington well before 20 September.

The Chairman assumed that it was the consensus that members of the subcommittee might review all of the reference material at hand together with the minutes of the present discussion, and endeavor to set forth the issues involved for the further consideration of the Committee, rather than attempt to reach any decisions as a subcommittee.

Sir Herbert Broadley thought the subcommittee might set forth the issues involved in the form of an annotated agenda for the full Committee and might in fact arrive at some decisions, so that the Committee's report to the Council could be drafted as expeditiously as possible.

The Committee agreed to the establishment of a subcommittee as suggested by Sir Herbert Broadley to consist of representatives of Australia, Canada, Italy, United Kingdom and United States with the possible inclusion of Uruguay if Mr. Yriart were able to attend; it was understood that the subcommittee would be empowered to co-opt other members as the occasion arose.

Mr. Cairns (IFAP) inquired whether the Committee would feel disposed to agree that he might send to the members of his Organization, on a confidential basis, documentary information as to the steps and safeguards envisaged by the Committee with regard to the disposal of surpluses and possible effects on trade.

The Chairman remarked that such information was included in the Committee's communications to governments and inquired of Mr. Rhodes the views of the U. S. Government in this regard.

Mr. Rhodes (U.S.) replied that there would be no objection to the publication of the conditions agreed by the Committee so long as the United States submission regarding quantities and prices remained confidential.

It was agreed that Mr. Cairns should be furnished with documents CCP50/44, CCP50/56 and CCP50/57 for the confidential information of the members of his Organization.

In response to an inquiry from Mr. Lammers (Netherlands) the Secretary stated that CCP50/55 was not confidential and might be despatched by Washington representatives to their home governments.

The meeting adjourned at 5:15 p.m. to meet again in September or on a prior call of the Chairman.

I particularly welcome this opportunity of meeting your Committee in a session. I am not over here with reference to the affairs of the Commodity Committee. I am here on the problem of the Organization's finances through 1951 which is also extraordinarily difficult. I can see daylight in the future after next year, but 1951 will be very difficult to get over if we are not going to undermine the whole of the work entrusted to FAO. That's the reason I am here. I greatly welcome this opportunity because I do not think there is anything that is worrying me more in FAO than the whole question of the attitude of FAO and the part it's playing with regard to commodity problems with which, of course, is linked up the whole question of any surpluses which may develop in the future.

Your Committee was appointed by the Conference last year with membership named by the Council. I quite appreciate that it is possible some of you may be slightly bothered by your terms of reference and the appraisal of what your job of work was. You have got on with the job of work in a way which the Council, in its wisdom, was pleased to commend in dealing with what I have described as immediate and declared surpluses. But I think you all felt rather worried about the wider aspects of the task set you and were not sure of your position with regard to the whole question of commodity policy looking into the future and the associated but very important problem of the stability of prices. I think the last Council meeting certainly will have left you in no doubt as to how the Council regards your position, and I would like to refer you to one or two remarks in the Council's Report which says "the Council looks upon the Committee as its instrument to carry out FAO's responsibilities to analyze and interpret the international commodity situation and advise on suitable action whenever appropriate." It then continues under the heading (e) "seeking new methods to achieve price stability and dispose of surpluses through international machinery" and (f) "advocating additional commodity arrangements on a multilateral basis, including some comprehensive plan within which these agreements could be integrated". Further, "It understands that the Committee is empowered to call on the assistance of individual or governmental experts, whenever desirable, to study particular technical problems." That's about as wide a term of reference as could be given to any Committee. It has asked you to act as the instrument of the Council in deciding what should be the policy of FAO with regard to this whole fundamental and extremely complicated question.

I think in interpreting these terms of reference that it is essential that I should remind you of the background to the situation today with regard to commodities, with regard to the possibility of surpluses, and with regard to the necessity of some international machinery to grapple with that situation. It first arose at the time of the Preparatory Commission in 1946, and it will be within your recollection that the Preparatory Commission had a considerable amount to say about this problem and it was not backward in coming forward with its views as to how it should be faced. It is a bit late to remind you that the report of the 16 nations forming the Preparatory Commission was endorsed at a subsequent meeting in 1947 by all 58 nations. But very little headway was made with regard to the problem until the end of the year 1948. I have a recollection that this issue came up at the Assembly of the United Nations at the Paris meeting in 1948. At the Conference of FAO in December 1948, this question was very much in the foreground and the responsibility with regard to it was placed on the shoulders of the Council. Having that obligation, the Council, at its post-Conference meeting at the end of 1948, appointed a Working Party to go into this whole question. The Report of the Working Party came up at the June meeting of the Council in Paris but prior to that the IFAP had met at Guelph in Canada and had taken a definite line with regard to the importance and urgency of this problem and had put forward suggestions which were presented at the June meeting of the Council in Paris in 1949. The Council considered both the Report of its Working Party and the IFAP proposals. The Council did not feel -- and I am putting it relatively mildly -- that the Working Party had had an opportunity of really grappling with this problem, for two reasons. One was that during the period since their appointment intensive negotiations had been required with regard to the Wheat Agreement and the great majority of people on the Working Party who had the most knowledge of the problem were engaged in the Wheat Agreement negotiations.



I think the Council recognized that the unfortunate people on this Working Party could not get definite instructions from their governments. The upshot of the discussion at Paris was that the whole question was referred to what I have described as an international public servant, namely FAO, which was instructed to call to their assistance any experts they desired provided they were not associated with any government. FAO took on the job and the Director-General invited several experts to help. The result was that by September the experts had prepared a report recommending ICCH. And I would at least pause to say this, that I think today FAO is subjected to a good deal of criticism because it is not really grappling with this problem of commodities and the stabilization of prices, but in fairness to FAO I ought to remind you that FAO did come forward with definite proposals and it was the reluctance of governments to take action which was the reason why FAO has not got on with the job. If there are any bricks to be thrown I suggest it would be more just to throw them at governments although I have a few words to say later about where I think FAO has not done its job. That was the atmosphere at the Conference last year.

All this may be very historical but it is the background we have to have in our minds. However, the ICCH proposal was not acceptable to the Conference. The latter constituted a Committee of Commission I to go into this whole problem. The real task there was to examine ICCH, to modify it, to state whether it was considered practicable or to evolve new proposals of their own which might face up to this really fundamental problem. The Conference did not succeed in doing that but approved the appointment of a new committee of 14 members and the Council was given the power to propose names. Whatever the terms of reference were the atmosphere was that this was an entirely new form of committee.

Everybody admitted that international bodies had been known when they got into trouble to appoint a committee and hope that that was the end. But this was a new highly respectable committee which was really going to do something and there was a lot of discussion at the time on the subject and this was such an important committee that it ought to have a full time chairman, devoting the whole of his time to the job. Various names were suggested and in the end Mr. Abhyankar was appointed, and he devoted terrific energy to the job and was especially thanked by the Council for his efforts. The Committee went into action and really got down to the job of getting information on known specific surpluses. They did their best to make arrangements for the disposal of these surpluses at special prices and dealt with the difficult problem in a way which earned the commendation of the Council.

But then at the Rome meeting we gave new terms of reference to the Committee. At that meeting the Representative of IFAP gave a very critical speech as to how far the job had been got on with and Mr. McCarthy of Australia strongly urged that something should be done. He more or less outlined the views, which he said were held by his Government, that probably it was necessary to have some international fund which would take care of surplus and possibly dispose of them at special prices and further generally outlined the attitude of his Government.

In order that we might have something into which we could put our teeth I submitted this plan prepared by Mr. Grondona, and I suggest this is a matter which the Committee should consider and see what action they can take. I do not propose today to deal with the Grondona plan, to amplify it or to explain its merits or otherwise. It is merely something before you to consider whether there is any action you ought to take with regard to it and I think copies have been distributed to members.

I have been trying to tell you what is the background to the creation of your Committee, what is the task which has been set and what is the actual position.

Mr. McCarthy, in his speech, proceeded to say one or two things which I think you ought to have in mind. On page 2 he outlines certain issues stating that the matter is urgent and that action on an international basis is called for and that unless FAO takes action then it may be done through some other channel. On page 3 he says that the Committee on Commodity Problems should be given the additional mandate of examining the possibility of establishing a world fund such as he had outlined and that it be given authority to engage experts to assist in the examination of this plan. Again Mr. Cairns, in his Rome speech, spoke most frankly of the attitude of his Organization and pointed to the action being taken by ECOSOC and referred to the experts' report which is embodied in the Report on Full Employment. It seems to me in reading this report that it is quite clear that they take the view that action is essential and I think we may find that if FAO does not take action on this whole question it will probably be taken up by ECOSOC.

The other factor with regard to the price stabilization plan to which I would refer is that I know it has excited great interest in one of the Latin American countries and probably that country will make a strong representation to ECOSOC to have it examined. It is also under consideration by CEEC on the basis of whether this is a subject which really ought to be exhaustively examined and considered, whether on its own merits or with a view to some alternative course of action which ought to be adopted in regard to the question of commodities and stabilization. All these things point to the suggestion that if there is one organization which should be vitally interested it is FAO, but my guess is that if it does not take action the matter will be dealt with by somebody else.

The following reference I want to make is to the annex of a report of a committee consisting of the Chairmen of the FAO Standing Advisory Committees (Technical Coordinating Committee) of which I am the Chairman, and before the June Council Meeting in 1949 I presided over a meeting of that body. We were mainly concerned with the examination of the proposals which have been made by FAO in relation to the technical assistance program but in the course of the discussion this question of commodities and price stability came up and to our report was attached an annex from which I want to read you some extracts because there is a specific suggestion of how FAO ought to grapple with the question.

This annex stated inter alia "that there were large surpluses of food and fibers in some parts of the world while there was great need for these products in other parts .....". However, the Council of "FAO had not yet equipped itself to perform this function but needed a strong staff of international consultants who would confer with it and bring together the particular group of nations involved wherever surpluses or deficits occurred, and would arrange the necessary program of action and organization for dealing with the matter. The staff would be operating under the Council of FAO." The same idea was repeated at the end of the report to the effect that it was felt "the Council of FAO and its international consultants working on this problem will need to be serviced by a staff of broad-gauged economists; and it would seem desirable that they be attached to the Division of Economics and Statistics, and that their work be integrated with the other activities of that Division. The group should include production economists, consumption economists and marketing economists. It goes without saying that the purely theoretical economist will be of no use in such analyses. Experts in applied economics are needed who know geography, land use, commodities, people, and dietary situations. Playing a strong role in dealing with this problem will do more to assure FAO of much needed additional financial support, from the exporting countries especially, than almost anything else that can be named."

That's an ambitious program which suggests doing a great deal but I suggest that it is for you as a Committee, as the Council has named you its agent, to deal with this problem and to make such recommendations as you see fit. Maybe you will not go as far as the Technical Coordinating Committee

went but I think it is probable that the staff of the Economics and Distribution Divisions of FAO have not got quite the personnel to which you could with confidence refer any proposals that might be suggested, nor are they equipped to tender advice with regard to the long term and fundamental problem of price stabilization.

I want to put it to you that it really is now the obligation of this Committee to decide what it is necessary to do. At the moment FAO is probably as hard pressed for money as it ever has been in its history and more, I am confident, than it ever will be in the future, but if in your deliberate opinion it is necessary that a staff should be recruited to deal with this work - I believe that this question goes to the basis of FAO and its whole future and that FAO will be judged by what leadership it gives in this field of commodity problems and stabilization -- then it would be worth scrapping such in the budget of FAO to ensure the necessary money to carry this out. I believe we have a great opportunity to do invaluable work in relation to all the economic problems before us and at the same time to do something which would be of tremendous benefit to FAO and its whole future.

This commodity question is one which every nation has appeared to take very seriously. There have been interminable discussions with regard to commodity policy ranging beyond the sphere of FAO. ITO is not yet in existence and it seems to me that FAO for the time being has to fill the gap. It could be that with appropriate safeguards with regard to agricultural policy, this task might be eventually handed over to ITO, but at the moment I think there is a tremendous obligation on FAO to give leadership with regard to this vital question. If it fails, I believe FAO will be discredited and I believe somebody else will take on the task and if they are successful it will redound to the discredit of FAO. But if we show that we are seriously giving leadership in this issue I think it would rally us more support than anything else.

It is only because I feel this so very strongly that I have made the above remarks for I realize that I can have no voice in any of your decisions.

Statement by Lord Bruce

I think quite unnecessary emphasis is being laid upon what the terms of reference are to the Committee, and whether there is a legal point involved or whether there is not. Between meetings of the Conference FAO affairs are left in the hands of the Council to come to policy decisions between Conferences. Last year for example a working party was set up to deal with the commodity issue at the June meeting in Paris. The Council was exercising the functions entrusted to it between Conferences and instructed the Director-General to appoint experts. It never occurred to any nation to criticize the Council for having acted on its own initiative between Conferences. I maintain that the Council has every power to take such action as it sees fit between Conferences. It would be upon the Conference as a whole to censure the Council, but beyond that I think there is no question but that the Council has every right to act as a policy-making body between Conferences in whatever direction it sees fit. You have to bear that in mind in considering this whole question of the terms of reference. At the Council every nation that has raised the question of procedure or the question of the terms of reference as embodied in the Council's report - United States, Australia, Canada, France - were all members of the Council and they are all parties to the action of the Council in suggesting the line that should be taken by this Committee. That is for you gentlemen to decide and I am merely expressing my own views.

The one thing that does alarm me is that there should be an interpretation of what you have been asked to do which is limited to the handling of existing surpluses as and when they are at hand. The whole issue as I have always understood it is that the one essential thing that it is desirable to do while pursuing any question of commodity policy or stability of prices and why we are trying to introduce special sales at concessional prices, is the fundamental desire of giving confidence to the farmer to continue production. I think almost the best thing, and certainly whether you agreed with ICCH or not, that appeared in that document, was the statement that now we have an opportunity to consider this problem in all its ramifications in an atmosphere where there is no hurry and where no emergency action is required. Unless we do something now we would leave the situation until we should have to take emergency measures which could not be properly thought out. That gives me very considerable alarm if the widest interpretation which this Committee is prepared to put upon its activities is only dealing with existing surpluses as and when they appear. Finally, in any suggestions I have made I have never put forward the idea that the Council felt that this Committee should itself handle these tremendous problems, for example that it could take this proposal of Gronzoni which is now before you and come to a decision upon it. We always had contemplated that you would have at your command a staff either inside FAO or a staff specially recruited of the type of person who could deal with these things and give you a sound perspective of all the circumstances and give you an appreciation of the effectiveness or otherwise of any or all of these proposals. The Council never had in mind that you, a Committee composed of very hardworking people, could consider all the points yourselves. I thought I made clear in my original observations that what seemed to me to be necessary was that you should consider whether you had the staff at your command and if not that you should insist that you cannot possibly do this job unless that staff is available to you. The Director-General has slightly taken me to task for suggesting that FAO has not got the staff in Distribution Division competent to do what is necessary. Naturally I do not know all the individuals in the Distribution Division and while there may be experts up to a point who may be able to do this I believe they would have to be very greatly strengthened if they were really to tackle this frightfully important job in the way it has to be tackled. That might bring up the point of the type of individual suggested in the annex to the report of the Technical Coordinating Committee. I want to make the following points: (1) I cannot share the apprehensiveness about the terms of reference. I believe it is within the competence of the Council between Conferences to take such action as it sees fit and it is only for the Conference to censure the Council if it exceeds its powers; (2) I am alarmed if this Committee in examining this problem is going no further than to examine existing known surpluses; (3) I certainly never wished to suggest that the Council suggested that this Committee should do the job itself but should consider the best way of handling the situation and then discuss ways and means with the Director-General.

The Council then proceeded to consider nominations to fill the vacancy on the Committee on Commodity Problems resulting from the withdrawal of Poland from the Organization. The representative of France nominated Italy, paying tribute to the Government of Italy for its invaluable work in the field of food and agriculture and for its adherence to the ideals of FAO.

The representative of Denmark called attention to the fact that the composition of the Committee had been intended to include representation of the various geographical areas and of the importing and exporting countries. As there was no Committee member from the five countries of Northern Europe, he nominated Sweden to replace Poland.

As there were no further nominations, the representative of Denmark withdrew in favour of Italy. The Council proceeded to the unanimous election of Italy as a member of the Committee on Commodity Problems.

The delegate of Italy expressed appreciation for this honour on behalf of his government. Italy would, be believed, be pleased to serve on this Committee in the same spirit of cooperation with which it had been pursuing the humanitarian ideals which were at the heart of FAO's endeavours.

The Council thereupon adopted its Report, with the revisions and reservations noted.

FAO ARCHIVES