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Chairman: Mr. Mohammad MIR KHAN (Pakistan).

AGENDA ITEM 28

**Establishment of a world food reserve: report of
the Economic and Social Council (A/3154,
A/3192, A/C.2/L.297 and Corr.1, A/C.2/L.299)
(*continued*)**

1. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) considered that the question of the establishment of a world food reserve was of importance in the study of the general problems of economic development and of raising the level of living in the under-developed countries.

2. It was impossible to remain indifferent to the fact that there were starving people in South-East Asia and Africa. Yet the present level of productivity was adequate to satisfy the needs of the whole world population. The Soviet Union had always attached great importance to the problem of food supplies. He thought that they could be increased by raising the production of the small and medium-sized peasant farms which were the main producers of foodstuffs in the under-developed countries.

3. According to the experts of the Food and Agriculture Organization of the United Nations (FAO), the task of raising the level of food production and consumption and eliminating malnutrition in the under-developed countries required the development of industrial production in those countries and the adoption of an economic policy calculated to increase the real income of the broad masses of the population. That was an opinion which none could fail to endorse. Experiments carried out in the Soviet Union and other countries confirmed that by that means the problem could be solved rapidly once and for all.

4. The question under consideration—one of the most important international problems of the day—was obviously closely linked with the problem of the disparity, to the disadvantage of the under-developed countries, between the prices of manufactured goods and the prices of agricultural products on the world market; it was also related to the problem of the disposal of agricultural surpluses and the accumulation of the stabilizing stocks required to meet unforeseeable emergencies; it was an integral part of the general problem of the expansion of international trade on the basis of mutual advantage.

5. In his statement to the 415th meeting, the Costa Rican representative had furnished conclusive proof that one of the causes of the problem was the instability of the prices of raw materials and foodstuffs. The Soviet Union delegation felt that that aspect of the problem could be usefully examined by the world economic conference which it had proposed should be convened.

6. He was well aware of the importance and complexity of the measures proposed in Economic and Social Council resolution 621 (XXII) for the purpose of achieving the objectives set forth in General Assembly resolution 827 (IX), and he was in complete agreement with the Council's conclusions.

7. Mr. RAJAPATHIRANA (Ceylon) recalled that, in a statement to the 415th meeting, his delegation had expressed the fear that the establishment of a world food reserve would not of itself remedy the ills of the world, half the population of which was suffering from serious under-nourishment. Although his delegation had expressed its readiness to support the idea of a world food reserve, it had emphasized that the only lasting solution was to be found in economic development and a higher level of real income.

8. He realized that economic development, if not wisely planned, could cause a deficit of food resources in the under-developed countries; in such an event the value of a world reserve would be unquestionable. Planning mistakes were not, however, inevitable. In that connexion he was very impressed by the example of the People's Republic of China which, apart from any political considerations, had achieved remarkable economic results enabling it, among other things, to exchange rice for Ceylonese rubber; such trade, which was of benefit to both countries, was something new.

9. It was nevertheless true that countries like Ceylon could not achieve rapid and balanced economic development unless they had the means of laying a sound social infrastructure. The financing of economic development should therefore be the first concern of the United Nations.

10. Turning to the United States draft resolution (A/C.2/L.297 and Corr.1), he noted that it began by referring to the desirability of achieving the objectives set forth in General Assembly resolution 827 (IX). The first two of those objectives—to raise the levels of production and standards of consumption of food in the under-developed countries and to relieve famine and other emergency situations—called for resolute action, for many obstacles had yet to be overcome, the most important in the case of the second objective being the financing of food purchases and the transport of foodstuffs.

11. So far as the third objective—to prevent short-term fluctuations in agricultural prices—was concerned, the United Nations had been considering the problem for some years but had not yet succeeded in finding a rational solution. He considered, however, that the Economic and Social Council was more qualified than

the Second Committee to deal with the matter; the Committee would do well to endorse the conclusions the Council had reached after exhaustive examination.

12. The General Assembly had recommended that the agricultural surpluses which appeared from time to time should be used to counteract long-term fluctuations. In that connexion the amendment proposed by the Danish delegation (A/C.2/L.299) rightly emphasized the FAO principles and for that reason was welcomed by the Ceylonese delegation.

13. There was no longer any need to dwell on the generosity with which the United States of America distributed the large reserves of agricultural produce it had accumulated; it was assured of the gratitude of the under-developed countries. It remained to be seen, however, whether high-cost food could compete on the world market with low-cost food. Indeed, many countries could not dispose of their normal production below a certain price without making great sacrifices. The problem was a difficult one.

14. His delegation would be very happy if all countries which had surpluses were prepared to assist the under-developed countries, as the United States was doing, and if they endorsed the idea of the establishment of a world food reserve to promote economic development. It was in the hope that surpluses would be useful in that respect that his delegation would consider voting in favour of the United States draft resolution.

15. Mr. CARANICAS (Greece) said that the discussions which had taken place in the Second Committee at the ninth session of the General Assembly on the proposal to establish a world food reserve, together with the fact that FAO and the United Nations had been studying questions of malnutrition and food production for the past ten years without tangible results, showed how difficult it was to find an adequate solution for the problems raised by the world food situation. He thanked the Costa Rican representative for having made some very interesting suggestions in that respect.

16. In his opinion, the crux of the question was the existence side by side of wealth and poverty, abundance and scarcity. That abnormal situation had not improved since the end of the Second World War and the gap between the levels of living in the industrialized countries and in the under-developed countries had not been reduced. Food consumption levels of the population of the two groups of countries continued to be far apart. Actually, world production of meat and food crops was scarcely keeping pace with population growth. According to a recent publication of the United States Department of Agriculture, the index of world agricultural production had risen to 120 in comparison to the pre-war period 1935 to 1939, but in relation to population growth it was the third consecutive year in which *per capita* production had failed to exceed 97 per cent of the pre-war level. Although 62 per cent of all foodstuffs were produced by the industrial countries, a number of which had agricultural surpluses, most of the under-developed countries could not afford to purchase the surpluses produced abroad.

17. The violent fluctuations in the prices of agricultural products during the past ten years had complicated an already difficult problem. Immediately after the war most countries had concentrated on obtaining sufficient foodstuffs. Prices had been high owing to the scarcity of agricultural products, and the main concern of the advocates of international co-operation had been to increase food production rather than to prevent excessive price fluctuations or to dispose of

surpluses, for the simple reason that there had been no surpluses at the time. Subsequently the situation had been reversed. As a result of the gradual decline in prices brought about by increased production and the accumulation of the first agricultural surpluses, it had seemed that the question should be tackled at both the national and the international levels. National action and international co-operation were essential for raising levels of production and standards of food consumption in areas where malnutrition was chronic. At the same time, they were necessary if cumbersome surpluses were to be used for alleviating excessive price fluctuations of primary commodities or promoting economic development.

18. International co-operation was therefore imperative and it was generally recognized that national policies, particularly the programmes of the main producer countries, had to be co-ordinated. But co-operation was necessary not only during periods of abundance and low prices but also at times of inadequate production and high prices. He could not forget the difficulties encountered from 1946 to 1949 by several European countries, including Greece, which had been forced to supplement at exorbitant prices the inadequate amounts of cereals they were being allotted under the allocation system of the International Emergency Food Council.

19. The FAO report entitled *Functions of a World Food Reserve—Scope and Limitations*¹ was a very useful document, the more so as it took into account the practical problems involved. It showed clearly that the establishment of a new international organization would not be enough to achieve, with any degree of ease, the four main objectives of a world food reserve set forth in General Assembly resolution 827 (IX).

20. Turning to the United States draft resolution, he considered that it only partially covered the important questions raised in Council resolution 621 (XXII). That resolution, however, contained very important conclusions, which no one had criticized. In paragraph 2 (a), for example, the Council concluded that the basic solution for the problems to which the General Assembly resolution was addressed lay in rapid and balanced economic development.

21. Another point concerning the United States draft resolution which probably ought to be considered was that it did not make a very clear distinction between the establishment of food reserves to meet emergency situation and the establishment of reserves to meet new needs arising from the implementation of economic development programmes. That question was at present being studied by the FAO Consultative Sub-Committee on Surplus Disposal, which was to report to the Committee on Commodity Problems in March 1957, and therefore there was some danger of duplication of work or overlapping.

22. The United States representative had said that the establishment and management of an international reserve presented technical problems which had not yet been solved, such as the construction of warehouses. Some progress had, however, been made in that respect. The previous month an FAO expert had stated, after a visit to Latin America, that various countries in that region had already constructed, or would shortly construct, silos and granaries in which to build up reserves which would enable them to stabilize prices when

¹ Food and Agriculture Organization of the United Nations, Commodity Policy Studies No. 10, Rome, 1956.

harvests were abundant and to meet any future emergencies.

23. In the fourth paragraph of the preamble it would be appropriate to mention the past and future work of FAO, along the lines of paragraph 4 of Economic and Social Council resolution 621 (XXII).

24. The Argentine representative had rightly said that it was necessary to avoid duplication in the consideration of the question of commodity price fluctuations on world markets. It was to be feared that there might be further duplication if the Committee were to adopt the United States draft resolution without recalling Council resolution 621 (XXII) and without taking more general measures.

25. In conclusion, he said that in principle he was in favour of the United States draft resolution as modified by the Danish amendment, provided that a more complete reference was made to Council resolution 621 (XXII), that the spirit of that resolution was endorsed, and that FAO's role was more clearly mentioned in it. Efforts should be made to combine as far as possible the two texts and to make provision for co-operation between all the bodies dealing with the matters of economic development, stabilization of prices of primary commodities and accumulation of stocks.

26. Mr. CHAUVET (Haiti) considered that the establishment of a world food reserve for the purpose of stabilizing prices at an equitable level was of the greatest importance at the present time and that the adoption of joint measures in that field had become a matter of urgency. The main purpose of the United Nations, after the maintenance of peace, was to promote conditions of economic and social progress and development; the economic co-operation which the Second Committee was endeavouring to bring about would in the final analysis prove more fruitful than sterile political debates. The establishment of a world food reserve represented a new concept which could help to ensure for the entire world the real prosperity without which peace and justice would be empty words.

27. The countries which exported raw materials should not find their very existence threatened by a fall in the price of their products, and it was in the interests of the industrialized countries themselves to ensure that they had appropriate purchasing power. It should be borne in mind that price fluctuations made both buyers and sellers hesitate; sellers waited for a rising market and buyers for another decline, and the movement of trade felt the effects, to the detriment of both parties. One of the functions of the world reserve would be precisely to maintain a balance between the prices of raw materials and those of manufactured products. It was in that domain—the raising of the level of living of the under-developed countries through the establishment of more favourable prices for their products—that the battle between the free peoples of the West and the peoples of the East would be won or lost.

28. The under-developed countries, which often had to rely upon the sale of only two or three of their products to buy all the capital goods and consumer goods they needed, were powerless in the face of fluctuations and falling market rates. They were at the mercy of

the caprices of the stock exchange. Hence collective action on a large scale was essential, for the solutions contemplated so far were not commensurate with the urgent needs of countries in the process of development. The situation required a reappraisal of economic doctrines and a bold investigation of new theories; the establishment of a world food reserve was one of those new solutions which the United Nations should have the courage to put into effect.

29. To illustrate the uncertainty that prevailed on the raw materials market he cited the example of wheat, the price of which had dropped 50 per cent on three occasions between 1923 and 1943, whereas on another occasion the price of sugar had quadrupled in less than four months. He recalled that towards 1954 the price of coffee had declined by 63 per cent, the price of cocoa by 73 per cent and the price of palm oil by 81 per cent; more recently the price of jute had dropped from \$264 to \$192 in 1948, had risen to \$312 in 1951, and had finally been \$106 in 1952. Such fluctuations brought about losses, bankruptcy and suffering; no long-term economic planning or action was possible while the countries producing raw materials were exposed to such vicissitudes. All the assistance that could be given to those countries would be jeopardized so long as world markets were not protected from such disturbances. It was essential to find a formula that would guarantee raw material exporting countries a stable income, which was a basic condition of steady progress; the establishment of a world food reserve could contribute to the finding of such a formula.

30. Two series of measures could be taken, the first by the highly industrialized Powers and the second by the United Nations. The highly industrialized Powers, for their part, could deal with storage or the redistribution of their surpluses, while the United Nations, through a central institution—the world reserve, in the case in point—could advise the producer countries and induce them to stabilize their economy by transferring manpower from one sector to another, as needed.

31. He noted that the countries belonging to what was generally known as the East had understood the importance of the problem; they offered a stable market for a good many raw materials that were difficult to dispose of. It was to be feared that the East might gain ground at the ideological level if it were in a position to multiply such offers and to give industrial equipment in exchange for raw materials. The West still enjoyed undisputed supremacy in the economic field; if it wished to save the free world, it was in duty bound to put an end to its defence mechanisms and its improvisations and to apply a new economic policy with respect to the less-developed countries and guarantee them fair prices. International solidarity was absolutely essential: both reason and emotion demanded it. The establishment of a world food reserve would be a great contribution to that end.

32. In conclusion, he pointed out that the United States Government had taken steps to support and stabilize the prices of agricultural products in order that American farmers should not suffer any loss as the result of speculations or fluctuations. The trails had been blazed; it only remained to widen them.

The meeting rose at 12 noon.