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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Colombia, Finland, Hungary, Israel, Italy, Mexico, Poland, Romania, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization.

AGENDA ITEM 22

Application from Morocco for membership in the United Nations Educational, Scientific and Cultural Organization (E/2902 and Add.1, E/L.727)

1. The PRESIDENT invited the Council to consider the application from Morocco for membership in the United Nations Educational, Scientific and Cultural Organization (UNESCO) (E/2902 and Add.1) and the draft resolution relating thereto (E/L.727) submitted by the French delegation.
2. Mr. GOZARD (France) thanked the members of the Council for placing on the agenda and discussing without delay Morocco's application for membership in UNESCO.
3. The French Government had supported Morocco's candidature in a letter of 7 June 1956 addressed to the Director-General of UNESCO by the Minister for Foreign Affairs. It was a very great honour for the French delegation to submit that candidature for the Council's approval.
4. As an independent sovereign State, Morocco possessed the necessary qualifications for membership of

UNESCO, and was well able to undertake all the obligations of a member of that agency.

5. He did not think there was any need for him to enumerate Morocco's claims. A country with an ancient and rich civilization, its historical development had placed it at the confluence of two great streams of thought, that of Islam and that of France.

6. The French delegation was convinced that the Council would agree that Morocco's admission to UNESCO would bring to the latter a fertile source of the wisdom of the ages and faith in the future, and that it would accordingly adopt unanimously the French draft resolution.

7. Mr. ISMAIL (Egypt) wholeheartedly supported Morocco's candidature. Down the ages, common traditions and identical aspirations had forged between Egypt and Morocco the firmest bonds of friendship, which had been cemented by similarity of culture and language. Moroccan scholars had contributed greatly to the culture of all Arabic-speaking countries. The Egyptian delegation was confident that Morocco would be a most effective member of UNESCO, and earnestly hoped that as a sovereign independent State it would soon be admitted to full membership of the United Nations. The Egyptian delegation would therefore vote for the French draft resolution.

8. Mr. CARDIN (Canada) said that his delegation associated itself with the statements made on the admission of Morocco to UNESCO. The President of the Council of Ministers of the Moroccan Government, in his letter of 16 May 1956 to the Director-General of UNESCO, had declared that his Government pledged itself to accept all the obligations of UNESCO's Constitution and to contribute to the Organization's expenses. At the Council's twenty-first session (914th meeting) the Canadian delegation had supported the draft resolution concerning the admission of Tunisia to membership of UNESCO; in the same way it would vote for the draft resolution relating to Morocco. He thought it would be highly desirable if Morocco were able to take part in the work of the next General Conference of UNESCO. Canada, which had recognized Morocco's independence, would be happy to see that important country of North Africa empowered to take part in UNESCO's work.

9. Mr. OLIVIERI (Argentina) expressed his delegation's appreciation of the French Government's generous gesture. The fact that a country which combined the culture of Islam and France was to be admitted to UNESCO was particularly gratifying to Argentina, which itself owed much to French culture.

10. Mr. ZAKHAROV (Union of Soviet Socialist Republics) said that the Soviet Union had a deep feeling for countries which had thrown off colonial rule. His Government, guided by respect for the principle of self-determination, had already announced that it recognized Morocco as an independent State and was prepared to grant it diplomatic recognition. The Soviet Government was firmly convinced that declaration of Morocco's independence would further international co-operation. The Soviet Union accordingly supported Morocco's request for admission to UNESCO, of which it would undoubtedly be a useful member.

11. Mr. ASMAUN (Indonesia) observed that the aims of all United Nations organs would best be served by universality of membership. Indonesia therefore welcomed Morocco's application for membership in UNESCO. The Moroccan and Indonesian peoples had long been linked by a common religion and by their parallel struggles for independence.

12. Mr. NOSEK (Czechoslovakia) said that it would give him great pleasure to vote for the French draft resolution. The people of Morocco had made a remarkable contribution to culture and science, and were undoubtedly capable of taking a full part in the life of the international community, in particular in the work of UNESCO.

13. Sir Alec RANDALL (United Kingdom) supported the French draft resolution. The United Kingdom Government had welcomed the agreement of March 1956, conferring independent status on Morocco, which was fully qualified to become a member of UNESCO, to whose work it would be able to make a valuable contribution, as it could draw both on Arabic and on French culture.

14. Mr. SAID HASAN (Pakistan) welcomed the French draft resolution. He was confident that Morocco would be a valuable member of UNESCO. Pakistan shared Morocco's culture and traditions and was linked to it by the bonds of Islam.

15. Mr. STANOVNIK (Yugoslavia) was particularly glad to support Morocco's application for full membership in UNESCO, inasmuch as it was the youngest independent sovereign State. He wished also to congratulate the French Government on its active support of that application.

16. Mr. BAKER (United States of America) warmly supported Morocco's application. That country would have a real contribution to make to UNESCO, because of its great cultural tradition. The French Government was to be congratulated on taking the initiative in the sponsoring of the draft resolution and the United States would be pleased to cast its vote in favour of it.

17. Mr. DONS (Norway) expressed his great satisfaction with the developments which had led up to the applications first of Tunis and then of Morocco for membership in UNESCO. He would support the draft resolution so appropriately submitted by the French delegation.

18. Mr. DE MARCHENA (Dominican Republic) supported the French draft resolution, and was confident that Morocco's admission to UNESCO would prove a precedent for its admission to other organs of the United Nations. The French Government was to be congratulated on supporting Morocco's application, the granting of which the Latin-American countries would welcome as a renewed sign of the growing universality of the United Nations and its specialized agencies.

19. Mr. STIKKER (Netherlands) said that he too would have great pleasure in voting for the French draft resolution.

20. Mr. EUSTATHIADES (Greece) recalled the fact that the Greek delegation had, from the outset, supported the placing on the Council's agenda of Morocco's application for membership in UNESCO. Greece took the unanimity displayed on that subject in the Council as a symbolic gesture, a manifestation of the principle of the right of peoples to self-determination. Similarly, Greece had regarded the agreements concluded in March 1956 between France and Morocco not only as a regularization of relations between the two countries, but as a most important event—the application to the particular case of Morocco of the principle concerning the right of self-determination stated in the Charter of the United Nations.

21. With its ancient Islamic civilization, Morocco would be able to make a valuable contribution to UNESCO, in whose work all cultures were of equal value.

22. The Greek delegation noted the support of Morocco's candidature by France, which, after conferring the benefit of her own civilization on Morocco, had shown her awareness of her obligations under the Charter with regard to respect for the right of peoples to self-determination.

23. Mr. DE FREITAS-VALLE (Brazil) associated himself with what had been said regarding Morocco's application for admission to UNESCO and France's attitude thereto. The Brazilian delegation was convinced that, with its culture and traditions, Morocco would be an excellent acquisition for UNESCO.

24. The PRESIDENT put to the vote the French draft resolution (E/L.727).

The draft resolution was adopted unanimously.

AGENDA ITEM 7

Establishment of a world food reserve (E/2855)

25. The PRESIDENT invited the Council to take up item 7 of the agenda.

26. Mr. CHENG PAONAN (China) said that of the four objectives of a world food reserve enumerated in the report (E/2855) prepared by the Food and Agriculture Organization (FAO) under General Assembly resolution 827 (IX)—fighting chronic malnutrition, relieving famine and other emergency situations, counteracting excessive price fluctuations and promoting the rational disposal of intermittent surpluses—the subject of malnutrition was not immediately pertinent, and the question

of a world food capital fund might therefore be more appropriately discussed in connexion with the Special United Nations Fund for Economic Development (SUNFED). The functions of a world food reserve might best be confined, in the main, to emergency relief and price stabilization.

27. China had always been interested in food reserves, the idea of which could be traced back to 2,000 B.C. Chinese food reserves for price stabilization purposes had first been created about 50 B.C., and had been in almost continuous use ever since. Floods and droughts had first called for their establishment, a disastrous fall in food prices brought on by a series of bumper crops having produced in China a situation much the same as that which had moved the Costa Rican delegation to introduce its proposal (A/2710) at the ninth session of the General Assembly twenty centuries later. The purpose of the Chinese reserves had been to prevent food prices from falling too low when harvests were good, and to keep them down in times of scarcity. In ancient China, relief reserves and stabilization reserves had been maintained separately, and a similar separation was implicit in FAO's recommendations.

28. FAO had reached the conclusion that plans for the establishment of emergency famine reserves were technically feasible, but that any further steps must depend on the attitude of governments towards the need for action and on their intention to contribute to an international emergency pool. In 1946, the main contributors to the United Nations Relief and Rehabilitation Administration (UNRRA) had favoured its replacement by bilateral arrangements. It was now proposed to revert to multilateral action, or to supplement bilateral arrangements by means of such action. The Chinese delegation still held the view, first expressed by it at the Second Committee (337th meeting) during the ninth session of the General Assembly, that a searching evaluation of UNRRA's experience might help the United Nations to make up its mind whether such a change was both desirable and necessary.

29. His delegation still could not agree with the Secretary-General's interpretation of General Assembly resolution 525 (VI)—namely, that famines arising from the aftermath of war and civil disturbances would be outside the scope of a world emergency food reserve, and that relief should be confined to famines due to natural causes. The reserve should be available to relieve famines arising from both natural and political causes, since both entailed human suffering in equal measure. Political causes had in fact been responsible for more famines in recent years than had natural causes. True, the natural calamities listed in the *World Economic Survey 1955* (E/2864) had led to severe food shortages in certain places, but the number of human beings affected had been small by comparison with the number affected by the famines which had occurred in Korea and Indo-China as a result of communist aggression there. Any world food reserve which disregarded such man-made calamities would lose much of its meaning and usefulness.

30. In the case of a food reserve maintained for price stabilization purposes, foodstuffs would be sold in time

of scarcity and bought when crops were abundant. The free world had enjoyed bountiful harvests in the past few years, and abundance might be expected to continue. As a result, many producing countries were plagued with the problem of surpluses. Any food reserve that might be established would therefore be constantly called upon to buy, but would have little occasion to sell. FAO had estimated that the creation of a stabilization reserve would call for a capital of several thousand million dollars. That estimate was certainly not exaggerated and there was little hope of raising anything like that sum.

31. There was only one way in which to establish a stabilization reserve. It could not consist of all, or even most of the staple foodstuffs, for that would be far too expensive. It would have to be limited to a few, or perhaps even only one or two foodstuffs. The first task, therefore, was not to make a general study of stabilization reserves, but to single out the particular foodstuffs whose prices could not be stabilized by any means other than by stockpiling. Once those foodstuffs had been identified, an attempt might be made to see how reserves could be built up.

32. Mr. OLIVIERI (Argentina) said that the immediate aims of a world food reserve should be two in number: to provide means of coping with any acute food crisis arising from unforeseen circumstances; and to mitigate, at least, difficulties caused by accumulated surpluses and enable such surpluses to be disposed of in accordance with the basic rules on the subject worked out by FAO and subscribed to by many of its member States.

33. Although there was some tendency to abandon the idea of an emergency food reserve on the ground of impracticability, and to replace it by that of an international fund, the possibility of accepting contributions in kind should certainly not be ignored; neither should the entry of *ad hoc* participants, with which the so-called Plan of the Three Circles (E/2855, paragraph 293) dealt, be forbidden.

34. With regard to surplus disposal, the Argentine delegation wholeheartedly agreed that the situation was rather one of low levels of consumption, due to the weak purchasing power of the populations of countries in the course of economic development, than one of over-production. The idea that the economic development of under-developed countries might be promoted through the accumulated surpluses was, in principle, attractive, but it should steadfastly be borne in mind that any plan drawn up on those lines would have to include adequate safeguards to ensure that the surpluses were used only to engender additional consumption, and that all the other rules on the subject laid down by FAO were complied with.

35. The report suggested the establishment of a world food capital fund, to make use of surpluses to assist economic development plans. Such a course would entail the need for working out well-defined and properly supervised plans in agreement with the beneficiary countries, taking account of the advisability of using existing technical assistance programmes to the greatest possible extent.

36. The report drew attention to the similarity of purpose of the proposed food capital fund and SUNFED, and suggested that the former should be used to provide basic assistance for economic development, SUNFED being reserved for additional financing which could not be derived from the surpluses. The Argentine delegation had, for the time being, no preference for one or the other system, or even for a combination of the two, and believed that there would be some advantage in combining item 5 of the agenda (financing of economic development) with item 7 (establishment of a world food reserve), both to be considered together by the Economic Committee.

37. Whichever system was preferred, the establishment of any new international administration should be avoided as far as possible. The feasibility of making the greatest possible use, consistent with the efficient execution of any plan adopted, of existing international organizations should be thoroughly studied, particular attention being given to the special services which FAO could render.

38. The Argentine delegation was well aware that the establishment of a world food reserve would be an extremely complicated process, and that that was why, despite all the good intentions and the volume of studies and surveys completed, none of the proposed plans had so far been put into practice. But that did not mean that a plan suited to the general interest of the international community might not be recommended to the General Assembly.

39. The Argentine delegation fully appreciated the motives which had prompted the proposal to establish a reserve of food to meet unforeseen emergencies and also to assist the progress of countries in the course of development, but must firmly state its opinion that any solution adopted would have to provide the essential safeguards against possible prejudice to the legitimate economic interests of others.

40. Mr. STIKKER (Netherlands) said that although the report prepared by FAO on the establishment and functions of a world food reserve was very comprehensive, it suggested no easy conclusions for further action. The complex problems involved in the realization of the four main objectives of a world food reserve set out in General Assembly resolution 827 (IX) could not be solved by the establishment of a single administrative body. Although the four objectives were dealt with as a whole in the resolution, it was clear from the report that each presented its own problem.

41. Malnutrition was mainly the result of poverty, the best remedy for which was economic development—a slow process. Emergency relief called for *ad hoc* measures at short notice, possibly with the help of an international relief fund for financing *ad hoc* purchases, rather than a permanent food reserve. Excessive price fluctuations might be mitigated by the creation of buffer stocks, which, by their very nature, would differ completely from a world food reserve.

42. It was extremely useful to have in a single and comparatively short document an account of the many—unfortunately, largely unsuccessful—international efforts to achieve the objectives set forth in General Assembly resolution 827 (IX).

43. One of the most interesting sections of the report was that dealing with the possible use of food surpluses to assist economic development. The authors did not present plans for any substantial new departure in international commodity affairs, but confined themselves to drawing together the results of current thinking on the subject. The basic idea of using surplus foodstuffs within the wider context of international economic assistance, both to relieve malnutrition and to promote economic development, deserved full consideration. The idea of combining an increase in the food available for consumption with the provision of funds not otherwise available in the recipient country, and the stimulation of possibilities of highly labour-intensive employment, were attractive. The FAO pilot study in India on the possible use of agricultural surpluses to finance economic development had shown that, in certain specific circumstances, such surpluses might indeed be used in a manner acceptable both to the producing and to the consuming country. But that could be a practical proposition only if the agricultural products in question were clearly supplementary to the receiving country's existing production and consumption of those or similar products. The development projects to be financed by the surpluses must be such that the additional income they produced was in great part used for buying precisely those foodstuffs. That meant, in practice, that the projects would have to be wage-intensive.

44. Capital and commodities, besides additional foodstuffs, were essential to all new projects. A balanced approach was therefore necessary when additional foodstuffs were used as one of the sources of finance. That meant that precautions must be taken to check inflationary pressures.

45. The importance of safeguarding the interests of the receiving country's regular suppliers of commercial imports of the same or related commodities was correctly stressed in the report. Those imports often originated in other under-developed countries, and it would obviously be undesirable to promote economic development in one country at the expense of another, or others, at a similar stage of development, which might as a result suffer a deterioration in their terms of trade or run up against serious marketing difficulties.

46. Ever since the end of the Second World War, the Netherlands Government had been in favour of international action to damp fluctuations in the international business cycle, and it regarded multilateral commodity arrangements as one of the means of so doing. Despite the many limitations of such arrangements, especially those of the buffer stock type, when used to mitigate excessive short-term price fluctuations, their advantages should still be borne in mind.

47. The effort to find a solution to the problems stated in General Assembly resolution 827 (IX) must be continued if the United Nations was not to be guilty of neglecting its duty. The simultaneous existence of starvation in some parts of the world and apparent food surpluses in others was still a matter of grave concern. Practical international action was in the last resort the responsibility of governments, but FAO and other international organizations should continue to seek methods of international action on the issues raised in the report.

48. Mr. NUR (Indonesia) said that the Indonesian delegation believed that the alleviation of the hunger that existed in the midst of plenty in the world of today was one of the most important tasks of the United Nations. It had accordingly been one of those responsible for introducing in the General Assembly the resolution in pursuance of which the report before the Council had been prepared.

49. He congratulated the Director-General of FAO on the report, which effectively clarified the issues involved and showed that food consumption in the underdeveloped countries had declined from its pre-war level, despite those countries' rapidly growing population, and that the gap between countries with much food and those with little was steadily widening. Such a situation called for urgent attention. While poverty in the midst of plenty persisted, efforts to promote economic development in the less developed areas would be vain, for people who lacked the basic necessities of food and clothing were in no position to tackle the problem of bettering their economic state.

50. Ultimately, the problem of food shortages could be solved only by increasing food production in the countries where they existed. Every effort must therefore be made to promote the economic development of the low-consumption areas. That would mean, among other things, stabilizing commodity trade, which was particularly important to countries that were dependent upon the export of a few primary products. The difficulty lay not so much in an actual shortage of food, as in the way in which it was distributed. As the report pointed out, the difficulties in the way of world-wide co-ordinated endeavour to counteract excessive price fluctuations might be very great, but they need not be insurmountable if clearly understood and faced with resolution.

51. The establishment of a world food reserve would be a valuable contribution to the improvement of living conditions, particularly in the less developed regions. A task of such complexity called for a joint meeting of experts from the specialized agencies and other international organizations working in that field to carry forward the work which FAO had initiated.

52. The time had come to draft concrete proposals for setting up adequate machinery for attaining the objectives laid down in General Assembly resolution 827 (IX). He was sure that, if all countries realized the issues at stake, the Council's discussions would pave the way for such a development. The Council's prestige might in no small measure depend on its success in achieving that aim.

53. Miss BLAU (Food and Agriculture Organization) expressed her Organization's gratitude to the General Assembly for having asked it to prepare the report on the establishment of a world food reserve (E/2855).

54. The Director-General of FAO had submitted the report on his own authority, without prior consideration of it with FAO's organs, in order to enable the Council to consider it at its present session. Only the FAO Committee on Commodity Problems had as yet considered the document and, in view of the imminence of

the present debate, even that Committee had merely given it a preliminary examination. The Committee had, however, made some general observations which it had wished should be transmitted to the Council. They would be fully circulated as soon as possible.

55. The report was, as the General Assembly had required, a factual and comprehensive one concerning what had been and was being done. The historical notes covered the years 1943 to 1955. The former had been taken as the starting point as being the year of the creation of UNRRA and of the Hot Springs Conference, which had led to the establishment of FAO. Little reference was made to earlier periods because, old as some of the problems were, world-wide poverty in the midst of plenty was essentially a phenomenon of the twentieth century, and only towards the end of the Second World War had the possibility of large-scale international intervention in commodity matters and of improving the distribution of the world's food come to be seriously entertained. Two things had been responsible for that development: the great depression between the wars, and the experience of large-scale commodity management gained during the last war. Dread of the former, and the optimism inspired by the latter, had combined to create a desire to stabilize world food supplies.

56. In the light of present experience, the endeavours made in the early years appeared, perhaps, more remarkable for good intention than for hard thinking. Cyclical problems had at first claimed more attention than structural problems. But as confidence in the effectiveness of methods of combating cyclical problems had increased, and also social awareness of structural development problems, it had been realized that the two types of problem must be tackled together. The fundamental relation between cycle and trend, together with the distinction between stocks and flows, constituted the main theme of Part One of the report before the Council. That approach was part and parcel of the current trend towards patient analysis of economic problems, which might be expected eventually to yield really effective results. Although achievements had not yet proved remarkable, very valuable lessons had been learned.

57. The main chapter headings of Part One of the report corresponded with the four main objectives laid down in General Assembly resolution 827 (IX). The first objective, dealt with in Chapter II, was to raise low levels of food production and consumption and to fight chronic malnutrition.

58. The main cause of low consumption was chronic poverty, and for that economic development was the best cure. Lack of purchasing power could not be remedied by the operation of a world food reserve functioning on a self-financing basis.

59. As pointed out in the report, it must not be expected that an international pool of foodstuffs could serve different functions at the same time. To take the analogy of international finance, it would hardly be possible, for example, to combine the operations of the International Monetary Fund (Fund), the chief function of which was to redress temporary lack of balance, with those of the International Bank for Reconstruction and Development (Bank), whose responsibility it was to issue loans

for long-term development purposes, and still less to combine either of them with the work of SUNFED, which was to specialize in long-term loan operations even less self-liquidating than those undertaken by the Bank. In the same way, the world food reserve could hardly simultaneously check chronic malnutrition, promote international price stabilization and provide emergency relief.

60. The FAO Committee on Commodity Problems had noted with interest the distinction made in the report between food reserves for stabilization purposes and food reserves to provide economic assistance. Another way of grasping that distinction was to reflect that whereas a commodity buffer stock, which was a pool of resources held partly in money and partly in kind, could not be kept in being unless what was put into it corresponded closely to what was taken out of it, long-term loans and international assistance entailed outgoings which were not automatically balanced by incomings, at any rate over short periods.

61. Stress was laid in the report on the importance of building up larger national reserves, particularly in countries near the margin of subsistence: the FAO Consultative Sub-Committee on Surplus Disposals had set up a working party in Washington to deal with the subject.

62. In the case of the second objective fixed in the resolution—namely, emergency relief—the report pointed to the great importance of bilateral aid and to the fact that famine relief had come to be generally regarded as a responsibility transcending national borders. FAO studies on the subject had led to three main conclusions: first, difficulties in providing emergency relief were likely to be technical and financial rather than due to a world shortage of supplies; secondly, the main thing, therefore, was not to store food in advance, but to finance, organize and guarantee in advance, on agreed terms, speedy delivery to stricken areas of the small portion of total available stocks required; thirdly, the way to do that would be to establish a flexible international famine relief fund, in cash or credit, rather than a food reserve. A world food reserve might be of considerable help in relieving famine, but famine in itself could not be regarded as the main reason for creating such a reserve.

63. On the subject of counteracting fluctuations in agricultural prices—the fourth objective mentioned in the resolution—the conclusion was reached in the report that buffer stocks had certain advantages over commodity-by-commodity stabilization techniques. The only international buffer stock yet in existence was that of tin. That there were not more was due partly to the problems inherent in the idea of a buffer stock, and partly to human factors. In the first place, there were the problems of technical commodity and market characteristics, such as standardization, definitions, comparability and knowledge of market conditions. Commodity study groups could perform a very useful purpose in mitigating those difficulties, even when their labours did not lead to formal agreement, and their organization was being actively pursued by FAO. Again, there were problems of finance, management, bargaining and, above all, the possibility of conflict between the smooth operation of international buffer stocks and national stockpiling

policies, which could impede the working of a buffer stock in three ways: governments holding large stocks might be unwilling to internationalize them; a self-financing buffer stock could not absorb a constant flow of surplus stock, even if the delivering country were reasonable about the price; and powerful national reserves could vitiate the effect of the operation of the buffer stock.

64. Finally, the structural character of agricultural surpluses might give rise to difficulties. Many surplus problems were due to underlying national policies, and the disposal of surpluses so caused created a one-way flow which could not easily be absorbed by a buffer stock, which ought to act as a stabilizer in both directions.

65. The report considered the relative merits of the commodity-by-commodity, as against the multi-commodity, approach to a composite commodity reserve. Such a reserve, if planned for general stabilizing purposes, would have to include certain primary products other than foodstuffs. The conclusion reached was that, by and large, the commodity-by-commodity approach for a few staple foodstuffs, however limited their number might be, offered the most helpful prospect. Though negotiations for such buffer stocks would be conducted commodity by commodity, there would be greater chance of success if the general climate of negotiations could be improved. That, in turn, would be more easily achieved if the techniques involved were better understood. Too much should not be expected of them; in particular, they would not solve structural problems. A large-scale campaign to enlighten the public on the matter might be very helpful, as the FAO Committee on Commodity Problems had stressed.

66. In the last chapter of Part One, on food surpluses and their possible uses, the report considered a type of reserve to which it had given the name of "world food capital fund". Such a fund would be a reserve to promote economic development, operating largely within the framework of international economic assistance, through grants or long-term loans, and not through self-financing revolving funds. From its studies on surplus disposal and its pilot study in India, FAO had concluded that the use of surpluses to aid economic development, whether undertaken bilaterally or multilaterally, had great advantages. If there was to be a multilateral or international arrangement, and if a reserve was to be set up to absorb surpluses and redistribute them to promote economic development, then a world food capital fund seemed the only feasible solution. The authors of the report did not, however, take it upon themselves to go into the respective merits of bilateral and multilateral arrangements.

67. The world food capital fund would, in some ways, resemble SUNFED, and if both came into being they ought obviously to be operated in conjunction. The report, however, made it clear that the world food capital fund would be complementary to SUNFED, not a substitute for it, else it would defeat its own ends. Special attention would need to be given to the complementary characteristics of, and similarities between, the types of development projects served by the two funds. They would be the kind of project known as "infra-structure" investment. A world food capital fund would have the

particular advantage of tending to make for continuity of programmes.

68. The question of preventing surpluses from accumulating, as distinct from that of surplus disposal, raised much deeper problems: fundamental realignments and balanced expansion in production, consumption and trade throughout the world. Those were considered earlier in the report.

69. The object of the report was to promote clear thinking rather than to suggest appropriate action. It might, however, be appropriate to point out the ways in which FAO was able to help to achieve the four main objectives laid down by the General Assembly. In the first place, economic development was one of the main functions of FAO under both its regular programme and its technical assistance programme. In the field of emergency relief, FAO had already undertaken studies, and though no more were contemplated for the time being, the importance of the problem would always be borne in mind. The question of commodity stabilization techniques was one with which FAO was actively concerned in many aspects of its general work on commodities, even though it frequently found it more practical to start at the study-group level. A large-scale educational campaign in regard to the problems involved might be particularly valuable. Lastly, in the matter of surplus disposal, FAO had been active in formulating principles and development methods—such as the use of surpluses to aid economic development—and in setting up consultative machinery with governments.

70. Mr. STANOVNIK (Yugoslavia) said that the problem facing the Council was that of the co-existence of extreme wealth and extreme poverty. Sixty-two per cent of the world's food was being produced by the industrial countries. In the case of many commodities the production of those countries exceeded their requirements, but the poorer countries lacked the funds to buy the surpluses. According to the report entitled *The State of Food and Agriculture 1955* (E/2878/Add.2), in that year the United States of America had held stocks of wheat three times as large as its average annual gross exports of wheat in the three preceding years, while its stocks of rice were somewhat larger than the gross exports over the same period, and stocks of cheese twenty-five times larger. At the same time, as FAO's report showed, the average consumption of the most under-nourished quarter of the world's population had declined from 21 per cent of total consumption before the war to a mere 19 per cent.

71. The problem of the co-existence of surpluses and widespread under-nourishment was aggravated by huge fluctuations in the prices of agricultural products and a steady decrease in farmers' incomes, by the great dependence of primitive agriculture on the weather, by the resulting problem of international relief in emergencies, and by general difficulties arising out of the lack of balance between production and consumption. The problem was therefore extremely complex. A solution to one aspect of it would not necessarily be a solution to the whole. At the same time, the interdependence of the various aspects made it necessary to proceed with great circumspection.

72. The problem had its roots in the 1930s. Up to that time, the under-developed countries had produced food for export to the industrial countries, taking industrial consumer goods from them in exchange. During the great depression, the volume of world trade had been cut by one-half, and the difficulty of paying for agricultural imports, together with the imminence of war, had led the industrial countries to start producing their own food. Subsequently, their food production had leapt ahead at the expense of their imports from agrarian countries.

73. The obvious way for the under-developed countries to adapt themselves to the new situation was to become industrialized. But that very process of industrialization swelled the urban population and increased the demand for food at home, so that many of the former food exporters had actually become importers of food. The industrial countries were not to be blamed for adopting a policy of agrarian protection; but while that policy had on the one hand led to difficulties for the under-developed countries, on the other it had often led to the accumulation of large food surpluses in the industrial countries. It therefore appeared only reasonable, indeed only just, that those surpluses should be used to help the under-developed countries to adapt themselves, through industrialization, to the new situation. The question was how that end could be achieved.

74. After reading FAO's report, he had concluded that the establishment of world food reserves would not solve all the problems involved and that other measures would probably also be called for. One of the greatest difficulties to be contended with was the instability of commodity markets. Buffer stocks would appear to be the most effective method of dealing with that, and the practical difficulties involved should not be allowed to discourage efforts to apply that method. He agreed, however, that the problem of surpluses and chronic hunger would not automatically be solved by the creation of buffer stocks to damp down fluctuations.

75. He paid a tribute to FAO for its work on the problem of surplus disposal, and to the United States of America which, in pursuance of FAO's recommendations, had given assistance to Yugoslavia in recent years.

76. The building up of world food reserves from agricultural surpluses with the object of assisting under-developed countries in their economic development would be beneficial to the developed and the under-developed countries alike. It would, in the end, increase production and purchasing power throughout the world and so finally dispose of the problem of agricultural surpluses, at the same time producing relative stability.

77. To solve the problem of chronic hunger, world food reserves of a rather different type would be needed. And yet other methods would have to be used for the provision of emergency aid.

78. His delegation hoped that FAO would continue its praiseworthy work on the functions of a world food reserve. Since, however, the problem was a general one affecting the entire world economy, particularly the stabilizing of a certain sector of the primary commodity market, his delegation believed that the Council would be well advised to request the Commission for International

Commodity Trade to pay particular attention to the whole problem from the point of view of world economic stability. Thanks to the excellent initial work done by FAO, matters had reached a stage at which such a suggestion could be made.

79. Mr. CARDIN (Canada) commended the Director-General of FAO and his staff on the report before the Council. The four main objectives referred to at the beginning of the document were of the greatest importance. Various types of national and international action had already, however, gone some way towards the achievement of those objectives. The remark at the end of paragraph 8 of the report, to the effect that well-meant but wrongly directed efforts would be likely to delay progress, therefore had some weight.

80. The report showed a clear realization of the limitations of a world food reserve. It pointed out the difficulty of conceiving it at one and the same time as a means of preventing famine and as a self-liquidating reserve to check price fluctuations. It rightly stated that the only ultimate remedy for recurring famine and chronic malnutrition was the balanced economic development of the regions concerned. The establishment of a world food reserve in itself would not necessarily provide an effective solution.

81. Regarding the second objective, the Canadian authorities had been arguing for several years that neither a world food reserve nor the establishment of an internationally controlled fund would represent the best way of dealing with famine emergencies. If governments committed themselves before the emergency arose, they would be unable to give the kind of assistance which might prove most desirable or suitable in the event. An international group of experts, reporting to the Seventh Conference of FAO in November 1953, had concluded that physical world shortages and the geographical location of foodstuffs were unlikely to be obstacles to the relief of famine in an emergency. In the recent past, relief supplies had promptly been made available to stricken areas, and there was nothing to suggest that it would be impossible to do so again in the future. Since the end of the Second World War, Canada had given emergency assistance to Greece, Korea, Pakistan, India, Nepal, Haiti, Japan, Yugoslavia and the British West Indies. Many other countries had made similar efforts to aid individual nations in emergencies.

82. As to the third objective, Canada took the view that a commodity-by-commodity approach was the only one likely to prove effective in counteracting excessive price fluctuations. Schemes of wider scope were unrealistic, because they failed to take into account the different problems affecting particular commodities. Specific proposals relating to individual commodities, on the other hand, could profitably be discussed on their individual merits by the major producing and consuming countries concerned. Where such discussions had led to inter-governmental agreements, as in the case of the International Wheat Agreement, the International Sugar Agreement and the International Tin Agreement, Canada had been a participant.

83. His delegation considered that the financial and administrative problems involved in stabilizing the inter-

national prices of agricultural products by buffer-stock action would be immense. Moreover, to keep prices stable by artificial means would ultimately distort the markets concerned and thus harm both the economically advanced and the less developed countries. Furthermore, existing international agencies, such as FAO, the Contracting Parties to the General Agreement on Tariffs and Trade and the Interim Co-ordinating Committee for International Commodity Arrangements were already coping adequately with general food marketing problems. Consequently, the Canadian Government favoured a gradual approach towards flexible co-ordination of individual arrangements, such as that advocated in paragraph 131 *et seq* of the report.

84. Regarding the fourth objective, he thought the report over-sanguine about the possible benefits of a world food reserve. In particular, the suggestion that surplus disposal might be linked with economic development through an organization such as SUNFED, which would accept contributions partly in surplus foodstuffs, was difficult to accept. Contributions in that form would not necessarily bear any relationship to the developmental needs of the under-developed countries concerned; there was an obvious danger that the nature of the contributions would be dictated more by the needs of the donor than by those of the recipient. Consequently, it would be almost impossible to plan economic development effectively.

85. Moreover, the administrators of the fund would be constantly urged, or obliged by insuperable programme difficulties, to use the commodities at its disposal for relief purposes. Such a course would do little towards a permanent solution of the problem of poverty in the midst of plenty; and it would tend to lead to states of chronic surplus, by providing an easy way out for countries pursuing policies tending in that direction.

86. In particular cases, however, surpluses might be used effectively to promote economic development. His Government took the view that where a surplus could be used in such a way as to increase consumption of the product concerned, its supply on a bilateral basis could, on occasion, positively stimulate economic development. The main thing was to make sure that the real purpose of the bilateral arrangement was to foster economic development rather than to dispose of the surplus; at the same time, attention must be paid to the interests of third parties, and care taken to avoid interference with normal world trade. Canada's experience in that field under the Colombo Plan seemed to show that his Government's view was correct.

87. His delegation considered that the role of foodstuffs, whether surplus or other, in economic development programmes was far from being sufficiently understood. In view of that fact, and of the additional fact that the FAO report had failed to demonstrate that an internationally controlled food reserve was a satisfactory means of achieving the four objectives it had set out to examine, the time seemed to have come for the Council to consider whether there was any point in continuing to study the question of such a reserve. Nevertheless, the search for ways of achieving the four objectives ought to continue, while the benefits obtainable from existing institutions and arrangements ought to be exploited still further.

88. Mr. EGGERMANN (International Federation of Christian Trade Unions), speaking at the invitation of the PRESIDENT, said that the important question before the Council had for long engaged the attention of the International Federation of Christian Trade Unions (IFCTU), and in particular that of its affiliated organizations active in the under-developed territories. On behalf of IFCTU, he congratulated the Director-General of FAO and his collaborators on their conscientious implementation of General Assembly resolution 827 (IX).

89. The basic facts noted were clear: first, the quantity and nutritional value of the food available to the peoples of the under-developed territories fell far short of requirements; secondly, the population of the world was rapidly increasing, particularly in those territories. At first sight, there were two possible solutions to the problem: international co-operation to meet the needs of the under-nourished peoples, or regulation of births to keep pace with production. For its part, IFCTU, holding that man should not be at the service of the economy but the economy at the disposal of man, had always rejected the second of those solutions as inspired by cynical egotism. Hence, the solution which it advocated was the exploitation of the resources of the under-developed countries and the channelling of world surpluses to regions where want still prevailed. To achieve that purpose, it was essential to arouse public enthusiasm for world co-operation, for, without such impetus, all practical measures would be doomed to failure. Furthermore, the developed countries should display readiness to assist the under-developed regions, while the latter should promote international co-operation by stabilizing their economic and financial situation.

90. As to the practical means of solving the problems mentioned in General Assembly resolution 827 (IX), he would like to draw some conclusions from the spade-work done by FAO in the report under discussion. In the first place, the malnutrition existing in the under-developed countries was merely a symptom of their economic weakness, and the international remedies lay in the instruments created to ensure the financing of economic developments such as the Fund, the Bank and so on. The idea of a "world food capital fund", to absorb surplus food products and channel them as capital investments to the under-developed countries, should be adopted. The urgency of the problem justified the creation of such a fund.

91. However, those international instruments were not necessarily the most effective means of meeting disasters which might occur suddenly. While the usefulness of national reserves of foodstuffs was undeniable, they would not always be adequate in such emergencies. It was, therefore, the urgent duty of the United Nations to set up an international relief fund, on a very broad basis, where all contributions, whether fixed or not, and whether in cash or in kind, could be accepted.

92. IFCTU also considered that, in order to check excessive fluctuations in the prices of foodstuffs, a world market stabilization fund should be created. Such a fund, able to cope with the normal consequences of a lack of elasticity in the supply of and demand for foodstuffs, would be a satisfactory instrument, provided it was large enough to ensure that no other force acting in

the opposite direction could neutralize its effects, and provided it commanded the participation of both producers and consumers. The difficulties standing in the way of the establishment of such a reserve arose mainly from the economic and financial policies of the developed countries. While the idea of a composite food reserve was very attractive at first sight, experience dictated a more modest scheme for the time being. Expert research—which should be continued at all costs—and the experience gained through the operation of the stabilization fund would show what stages were necessary in the formation of a composite food reserve.

93. As to the problem of the rational disposal of the agricultural surpluses which accumulated from time to time, IFCTU thought they could best be incorporated in the world market stabilization fund or the international relief fund. Alternatively, they might be used for the benefit of the under-developed territories through the world food capital fund. It also seemed that surpluses of structural origin could also be used through one or other of the three funds until the countries in which they occurred had restored their economic balance by appropriate action.

94. Thus, IFCTU believed that it would not be enough to build up a world food reserve to solve the problems mentioned in the General Assembly resolution in question. Three separate funds should be set up, and their operation co-ordinated by a sort of world food bank which, while leaving a substantial measure of initiative to each, would keep the development of the general situation under very close review and take any necessary measures.

95. IFCTU hoped that the Council would request the General Assembly to take the requisite steps to strengthen international co-operation and to combat the greatest scourge afflicting a very large part of the world's population.

96. Mr. NEDZYNSKI (International Confederation of Free Trade Unions), speaking at the invitation of the PRESIDENT, observed that the FAO report on a world food reserve placed many matters in their correct perspective, dispelled a number of misconceptions, revealed definite possibilities of action and indicated the pitfalls to be avoided. Perhaps its most important contribution was the evidence it provided that the several purposes for which a world food reserve might be established should be considered individually. If that suggestion were accepted, some of the difficulties which the proposal to establish such a reserve had run up against in the past might be removed.

97. The International Confederation of Free Trade Unions (ICFTU) was convinced that in present conditions the proposal might well be carried through. The impressive rise in agricultural productivity in a number of democratic countries, coupled with price incentives to agricultural output, had greatly increased the yield of certain commodities and had made some of those countries fully capable of contributing to a world food reserve. On the other hand, agricultural production in the under-developed countries had not increased proportionately, and a similar disparity was to be found between conditions in the democratic countries and conditions in

those described in United Nations documents as "countries with centrally-planned economies". Certain countries, in particular the United States of America and Canada, had made several generous grants of food on a bilateral basis, or had offered assistance to famine-stricken countries. Without in any way underrating such action, ICFTU maintained that such assistance should be organized on a world basis, through the United Nations.

98. Hunger and chronic malnutrition were obviously one of the most serious problems to be tackled. Under-nourishment was merely one aspect of poverty, which itself was simply a manifestation of economic under-development. Such under-development might best be remedied by establishing SUNFED without delay. There was convincing evidence that food surpluses could be successfully used for promoting the development of under-developed countries. ICFTU fully endorsed the conclusion reached in the FAO report, that a world food capital fund might usefully be established as a way of providing assistance in kind, in addition to the financial aid to be provided by SUNFED. It also supported the suggestion that the two funds should be closely linked, and accordingly suggested that the Council should consider the possibility of instructing FAO to submit, in conjunction with the other United Nations agencies concerned, definite proposals for the establishment of a food capital fund, together with operational rules for administering it. It also suggested that the Council should issue an urgent appeal to the governments of countries able to contribute to that fund to declare their willingness to do so and their readiness to co-operate with FAO in drawing up the definite proposals. The food capital fund should be supplementary, not an alternative to SUNFED. Action to establish both funds should be parallel, but the preparatory steps for establishing one should not wait upon the actual creation of the other.

99. The tragedy of recurrent famine was such that it was imperative that a system be devised which would make it impossible for any part of mankind ever again to be overwhelmed by such a calamity. Preventive or remedial action had already reduced the danger of famine, but its threat still hung over millions of people. Deeply concerned as it had been with that problem, ICFTU had advocated the establishment of national food reserves to be used for famine relief, and was glad to see that FAO attached great importance to such reserves, which could also play a considerable part in stabilizing the internal prices of agricultural products and in helping economic development. It therefore suggested that the Council should encourage the establishment of such reserves and issue an appeal to countries with surpluses of food to contribute to the national reserves of the under-developed countries.

100. FAO's report left no doubt that all aspects of the proposed world emergency food reserve to provide famine relief had been studied, that no useful purpose could be served by any further study, and that a decision was urgently required. The United Nations could no longer disguise any unwillingness to come to grips with the problem by recommending further studies. ICFTU, therefore, appealed to the Council to take a decision in

principle in favour of the establishment of a world emergency food reserve and to urge States Members of the United Nations to give that decision practical support.

101. Of the alternative ways of organizing a world system for famine relief, the so-called Plan of the Three Circles (E/2855, paragraph 293) was certainly the most attractive at first sight, but perhaps not the most practical, as it was a counsel of perfection. ICFTU accordingly suggested that FAO should once again explore the practical political possibilities of organizing international famine relief on the lines of what was described in the report as the "Organized *Ad Hoc* Approach". Once a start had been made, the good will and enthusiasm thus generated would pave the way for the development of a more effective system in the future.

102. With regard to fluctuations in the prices of primary commodities and their serious effect on under-developed countries, ICFTU was in favour of flexible international commodity agreements, strengthened, wherever practicable, by the operation of buffer stocks. The idea of a world food reserve operating as a multi-commodity buffer stock seemed at first sight very attractive; but one of the merits of the FAO report was that it brought out the practical difficulties inherent in the idea. It would therefore be unwise to press for any immediate decision on that issue, but the idea should not be abandoned. The best course for the time being would seem to be to continue the studies already made, taking each commodity separately. In any event, the establishment of buffer stocks could not and should not be divorced from the broader issue of the international regulation of primary product markets.

103. There would seem to be two ways of bringing food surpluses to the hungry: to ensure their use for famine relief through contributions to the national food reserves of under-developed countries and to a world emergency food reserve, and to make them over to a world food capital fund for promoting economic development.

104. Mr. SAVARY (International Federation of Agricultural Producers), speaking at the invitation of the PRESIDENT, wished first to make a few general remarks, to restore the establishment of a world food reserve to its historical context, and thus to dispel certain misunderstandings. After the very serious agricultural crisis of 1930, which had made itself felt until the eve of the Second World War and which, it had seemed, could be cured only by restricting production, there had been a period of extreme shortage during which entire regions had escaped famine only by means of international co-operation. In the aftermath of that supply crisis, which, following on a demand crisis, had shaken the agricultural economy to its foundations, many people had begun to seek means of preventing such catastrophes. It had been thought that powerful international organizations, whose activities would have been supported by a generous spirit of international solidarity, might stabilize or expand annual availabilities, by setting up reserves to cover unforeseen shortages and by channelling any surpluses into international food relief schemes. The report prepared by FAO described the efforts made to that end, and their failure.

105. The Council should note two important facts in that respect. First, while a world reserve of agricultural products could doubtless co-exist with one or several world markets, it was impossible that the one should not react on the other. The operation of such a reserve therefore presupposed that basic prices would be negotiated at the international level and that certain rules would be observed by the importing and exporting countries. Secondly, a reserve, even if built up with surpluses, would still have to rely on contributions for which, in most cases, it would be pointless to expect payment. Governments had always been aware of those two facts, and it was precisely for that dual reason that they had never seriously contemplated the establishment of an international system of food surplus distribution and had turned down all the successive projects mentioned in the report despite the fact that they enjoyed the support of public opinion, and in particular of the producers, the trade unions and similar circles. That being so, the International Federation of Agricultural Producers (IFAP) had come to the conclusion that it would be vain to hope for the success of any project calling for the establishment of a world food reserve so long as the governments of the countries which, by the very nature of things, would have to be the principal instruments of its implementation maintained their opposition to it.

106. Those considerations had prompted IFAP to seek over a number of years forms of action more immediately acceptable to governments. It was in that spirit that it would like to submit to the Council certain observations on the report under discussion and to make various recommendations.

107. Paragraph 338 of the report stated that it was not possible to cure the world's chronic malnutrition through the establishment of a world food reserve which operated on a self-financing basis and at the same time acted as a world buffer pool. That important statement was far from exhausting the subject; it merely showed that stabilization stocks and relief stocks should be administered separately and that, since stabilization and relief problems were to a certain extent independent, the United Nations might perhaps consider tackling the latter before a solution had been found to the former. In any case, the fact that different techniques were required for dealing with the two sets of problems was no justification for attempting nothing. IFAP had always realized

that food relief measures would not be a sufficient remedy for chronic malnutrition, but that must not lead to complete inaction.

108. The partial solutions proposed in the report consisted mainly in the conclusion of international agreements for co-operation in administering national buffer stocks, in helping countries in the process of economic development to build up national food reserves and, finally, in using food surpluses to promote economic development. All three solutions were entirely consistent with IFAP's policy and would therefore enjoy from the outset the support of agricultural producers in the main countries concerned.

109. The only problem raised by international commodity agreements was that of price levels. If the negotiators were all convinced that a bad agreement was always better than cut-throat competition on the market, many setbacks would doubtless be avoided; but unfortunately that was not always so. In that connexion IFAP approved of the comments made in paragraphs 78, 133, 134, 135 and 145 of the report.

110. In IFAP's opinion the national reserves of underdeveloped countries were an important factor in a bold economic and social policy, but an international education and information campaign on the subject would be necessary.

111. The observations on famine relief made in the report were in full accord with the opinions of IFAP as expressed by its Council in May 1954 and September 1955, and the United Nations and FAO could therefore count on the support of the agricultural organizations in anything they decided to undertake in that sphere.

112. Finally, the Federation suggested that the Economic and Social Council should: first, urge governments to make full use of the consultation machinery set up by FAO, especially the international commodity study groups with a view to price stabilization; secondly, facilitate the formation of national reserves in the underdeveloped countries, while taking care that they did not have an abnormal effect on the commercial markets; and lastly, emphasize the need for a determined effort to link the use of surpluses to a speed-up of economic development programmes.

The meeting rose at 5.45 p.m.