

own territories or in other parts of the soft currency world. Such expansion, generally, must be initiated well before the products are required because of time involved in consummating agricultural development projects. It would involve considerable new investment.

Even if the proposed remedial measures ultimately succeeded in closing the dollar gap this would take time, and meanwhile agricultural surpluses threaten to emerge in the hard currency area. If restriction of production cannot be advocated, both for humanitarian and economic reasons, other policies will have to be considered. Various measures to stimulate a larger internal consumption might dispose of some of the surpluses. Some might be transferred to other needy countries through special forms of financing either by unilateral action or multilaterally.

The various measures here discussed might together contribute powerfully to the achievement of a viable equilibrium in the world pattern of trade and payments and of production. It is necessary, however, for these corrective measures to operate in the presence of the numerous other measures such as import quotas, exchange controls, bilateral trade agreements, export subsidies, gifts, price or income supports, and measures of rural social policy by which Governments deal with the inescapable short run problems associated with major dislocations. To employ these other measures to prevent immediate catastrophe and yet to apply them with sufficient restraint not to inhibit progress toward the organization of a world of multilateral trade and convertibility calls for the understanding co-operation of Governments.

## INTERNATIONAL COMMODITY PROBLEMS

### *International Commodity Clearing House Proposals.*

The Conference had before it the proposal for the establishment of an International Commodity Clearing House as contained in the Director-General's Report on World Commodity Problems. This proposal is addressed primarily to the problem of surpluses in hard currency areas and deficits in areas which lack convertible currency with which to meet their needs. This aspect of surpluses is one phase of the general international trade and financial disequilibrium, and it is essential, in judging any proposal for dealing with the commodity surplus problem, to consider whether it advances the achievement of multilateral trade and general convertibility of currency.

### *Short-term Trading Functions of ICCH*

The ICCH proposals involve the accumulation of inconvertible currency through a new international organization to the credit of the selling country. This accumulation, on a large scale, would represent additional indebtedness by the deficit countries and would delay general convertibility beyond the time when it might otherwise be accomplished.