

Consultation may result in a proposal for an intergovernmental commodity agreement. Such agreements are not intended to freeze existing patterns of production, but rather to provide a program of adjustment and a period of time within which the essential changes can be made without undue hardship.

During the transition, it may be necessary to restrict production or exports, to fix prices, or to allocate shares of markets among producing countries. Controls of this sort should not be applied in any case unless the need is real and serious, affecting many people, and not curable by the normal process of competition. And when they are set up they should be strictly temporary, lasting no longer than required to carry out the necessary shifts. Their purpose is not to protect vested interests, but to prevent widespread distress during the course of necessary change.

Intergovernmental restrictions on production or on exports might be used —like international cartels—to take unfair advantage of consumers. Therefore the Proposals recommend adherence to the rule that consuming countries be entitled to participate along with producers in the original consideration of such agreements and be entitled also to an equal voice in their administration. Furthermore, there should be full publicity about each scheme and all its operations, in order that the world may make sure that it is managed in the general interest.

IV. RELEASE FROM FEAR OF IRREGULARITY IN PRODUCTION AND EMPLOYMENT

Every country will seek so to manage its own affairs that its business life will be free from violent depressions. The object of international action should be to insure that these national efforts reinforce each other and do not cancel out.

The industrial activity of every country is affected by the size and the regularity of its orders from abroad. When industry in any country slows down and its purchases of foreign materials are cut, the effects are felt in every corner of the globe. Full and regular production at home, with increased participation in world trade, is the greatest boon which any people can confer upon producers throughout the world.

It is important, however, that nations should not seek to obtain full employment for themselves by exporting unemployment to their neighbours. To seek employment by prohibiting imports or by subsidizing exports would be harmful and self-defeating. The business of the Conference, therefore, should be to establish general agreement that each country will seek, on its own account, to maintain full and regular production, that it will not do so by using measures which would damage other countries or prevent the expansion of world trade, and that all countries will co-operate in exchanging information and participate in consultations with respect to anti-depression policies.

V. AN INTERNATIONAL TRADE ORGANIZATION

Arrangements on this scale clearly require, for their successful operation, both an international forum where they may be discussed and improved and an international staff to assist in their administration.

The Proposals therefore suggest that an International Trade Organization be created, to stand beside the existing international agencies dealing with currency, investment, agriculture, labour, and civil aviation. It should have a constitution much like those of the other agencies set up by the United Nations, with enough internal specialization to enable it to perform the tasks assigned to it in dealing with trade barriers, restrictive business practices, and international commodity arrangements. Detailed suggestions on this matter are contained in the Proposals.