

The statement welcomed and supported the leadership given in the past by the United States in reducing tariffs and trade restrictions and referred to the serious consequences which might ensue if these policies were now reversed. Attention was drawn to the need to increase food production. Reference was made to the Canadian contribution to the development of under-developed countries.

The Council did not adopt any resolution nor make any specific recommendations on the basis of this discussion. Action to help meet some of the difficulties was, however, recommended in the course of later debates on such matters as the financing of economic development, technical assistance programmes, full employment and economic stability measures, the development of water resources and arid land, and ways of increasing world food production.

Full Employment and Economic Stability

The Council considered three specific recommendations for international action, submitted by a group of experts, to deal with the problem of reducing the international impact of recessions. Proposal One was for international commodity arrangements. Opinions differed on the value and the nature of such arrangements. The discussions served to illustrate the complexities and difficulties of arriving at arrangements with regard to commodities which would, over a period of years, satisfy the needs of both developed and under-developed countries. The Canadian representative referred to the difficulties in the way of a wide range of commodity agreements, and stated that the arrangements needed to differ from commodity to commodity and must be worked-out and put into effect by the countries mainly concerned in each case. In almost every case the central point of disagreement was not reluctance to make long term agreements but the question of price and quantities. In Canada's view the most effective approach is to continue the study group and conference technique based on equal representation of producers and consumers. The resolution which was adopted contained no specific reference in favour of international commodity agreements. The Council, however, asked the Secretary-General for a study of the relative price movements of various types of goods on the world market. It also recommended that governments should bear in mind (a) the possible effects of their domestic economic policies not only on their own economies and balance of payments but also on those of other countries, and (b) the general advantages of greater stability for the international flow of capital and trade.

The second proposal by the experts was that the International Bank plan its investments with a view to exerting a counter-cyclical influence on the flow of capital. The Council adopted a resolution which invited the Bank, when assessing a country's credit, not to be affected unduly by its economic situation during a temporary recession but to give full consideration to its long-run economic aspects. The Council invited governments independently or in co-operation with the Bank to prepare additional investment programmes in the event of a recession or depression.

The experts' third proposal was for larger international monetary reserves provided through the International Monetary Fund to offset short-run fluctuations in foreign exchange receipts. The Council urged the Fund to apply its rules flexibly and to use its resources as promptly and as fully as is consistent with its Articles of Agreement. It further asked the Fund to keep the adequacy of monetary reserves under continuous review, bearing in mind the desirability of (a) avoiding as far as practicable restrictions on trade and payments imposed because of balance of payments difficulties; (b) promoting general convertibility of currencies and liberalization of trade; and (c) creating conditions which favour a steady expansion of world trade and high levels of production, consumption, employment and real income. The Council asked the Fund for an analysis of this question next year.