

country largely dependent on a few important products the prices of which fluctuate considerably and the cost of subsidising which would be unduly heavy. The subsidy is pre-eminently the protective weapon of a wealthy diversified economy which can progressively raise its bid until its industry and trade are safeguarded against outside competition.

Tariffs and subsidies are accordingly inadequate for the developmental and protective needs of countries whose economies are only partially developed or highly vulnerable to external influences. The failure of the International Trade Charter, in its present form, to make greater provision for legitimate developmental and protective needs, is its most serious defect and one which, if not repaired at Geneva, will militate against the adoption of the Charter at the subsequent World Conference.

ESSENTIALS OF A WORLD ORDER

There are already portents of a breakdown in international trade, and hence world production, because of the inability of European countries to command the means of payment for their imports while undeveloped countries are unable to make their full contribution to their own and world living standards because of their retarded capital development.

There is some urgency—much urgency—that Geneva should succeed at an early date. If the Geneva Conference is really to succeed in laying the foundation of a world production and trading system, there are several fundamental principles which have yet to be adequately reflected in the Trade Charter.

First, the World Employment and Trade Charter must have as its justification, not an abstract faith in the efficacy of unfettered market forces and the machinery of multilateral exchange, but a positive undertaking by all sovereign States to develop their territories to the full, to maximize their production, and to make available to others all that they do not themselves consume.

Accordingly, the Charter should be concerned not so much with the negative objective of removing obstacles to the free access of private traders to markets, as with the positive objective of creating conditions in which organized communities can obtain access to the productive resources necessary to maintain and raise their living standards.

Second, wide variations in economic systems—which are really the means with which particular communities attack the economic problem—must be admitted and accommodated in the International Employment and Trade Charter.

The free market system, with its faith in the interaction of supply and demand, as expressed by the decisions of private traders, is appropriate to certain communities at a certain stage of development