

ANNEX I

EXTRACTS TAKEN FROM AN INTERPRETATIVE SUMMARY OF THE 1948 FAO CONFERENCE

In this brief account of the highlights of the Conference, a few words will suffice to call attention to basic facts summarized in the Conference report itself and dealt with at greater length in "*The State of Food and Agriculture.*"

The better-than-average 1948 harvests eased the immediate emergency but not the two pressing world needs that keynoted this fourth session to increase production of food and other primary products and to expand international trade in these products. The great economic unbalance in the world to-day heavily underlies these needs.

For a decade there have been notable increases in agricultural production only in North America. Most of the rest of the world has not yet caught up with the pre-war position from the standpoint of supplies of food per person. In heavily populated areas especially, the number of human beings to be fed is in general increasing faster than food production.

North America has become the principal supplier not only of food but of production equipment for the areas that do not produce enough. In general only this one large area is rich in material goods; most of the rest of the world is poor, much of it desperately poor.

For both the physical and the economic health of their people, the underdeveloped areas must greatly increase their food production. But they do not have enough equipment and materials to do it on the necessary scale, enough hard currency to purchase these things where they might be obtained, or enough goods to exchange for them; and many do not have enough land.

At the same time, effective demand in the international market—that is, customers able to pay the going price—for food from the high-producing areas is about at the saturation point. Producers in these areas fear that they may break the market if they increase production further—perhaps even if they maintain it at present high levels. Yet they must maintain and even increase production if human needs, as against effective demand, are to be met.

There are three dangers in this precarious situation. There will be greater deprivation and unrest in the deficit areas if the gap between population and food supply continues to widen. In the areas producing exportable surpluses there will be difficult and painful economic adjustments to make if steps are not taken to increase commercial demand. Finally, with reserve stocks of food at a low ebb, as they are to-day, any serious crop failures in the area that has become the world's chief food supplier would bring widespread suffering.

INTERNATIONAL PROBLEMS OF PRODUCTION AND TRADE

Several recommendations passed by the Conference were intended to go down to the roots of these problems.

(1) Of the many complex difficulties that stand in the way of increasing production to the necessary extent in underdeveloped countries, lack of adequate financial resources is probably the most fundamental.