"The problem of surpluses still remained a difficult one. But he was glad to find that it was generally agreed that surpluses should be disposed of and that no one suggested that surpluses should be destroyed lest they disrupt the normal channels of trade. He was also happy that the Australian delegate had drawn attention to the FAO principle that increased production must be met by increased consumption. It was sometimes feared in India that, in its concern for the trade aspects of the problem, GATT might overlook the humanitarian aspects which are borne in mind by FAO. He himself had no such apprehensions. The membership of GATT was not very different from the membership of FAO and the two bodies were unlikely to have conflicting policies.

"He strongly supported the view that genuine aid to meet calamities and to encourage consumption among peoples who could not otherwise afford it was a method of disposal which was not harmful to anyone's interests and should therefore be encouraged. This might not, however, solve the problems since, unfortunately, there was a limit to charity. In his view the ultimate solution lay in long-term policies designed to achieve equilibrium. The objective should be to increase consumption rather than to curtail production. So long as there were many countries which could not afford adequate standards of living, it could not be said that there was overproduction in absolute terms. The real disequilibrium was between available supply and effective demand. The best answer would be to raise effective demand by accelerating economic development. The revised Article XVIII of GATT should help materially in this task."

In the eighth line of Mr. WARWICK SMITH's (Australia) statement, insert between the words "would" and "have" the word "necessarily".

* English only.