With reference to Article 41 of the Suggested Charter submitted by the American Delegation on measures to counteract "Violent fluctuations in price, long and short term", the Brazilian Delegation wishes to submit some considerations peculiar to Brazil. First of all, the fact that Brazilian economy is based on the production of foodstuffs (coffee, maize, sugar, rice etc.), of raw materials (cotton, oleaginous fruits, rubber, timber, ores etc.) and on stock breeding must be emphasized. Therefore, in spite of its industrial expansion, Brazil may still be called an agricultural country. Out of 12,000,000 workers, almost 8,000,000 (say, about seventy percent) are agricultural workers or else employed in forestry or mining.

From the point of view of international trade, ninety-five per cent of the total value of Brazil's exports in normal times, is represented by a few primary commodities. The fall in the price of its principal product - coffee - which represents about seventy per cent of the value of its exports, has had serious consequences - greater than might be imagined - for the whole economic life of Brazil. If the gold value of coffee in 1928 is taken as an index of 100, in 1940 it is found to be fourteen.

This fact clearly shows the impoverishment of Brazilian economy from 1930 to 1940. It must be noted that of all primary
commodities coffee suffered one of the greatest falls in price.

Brazilian imports consist of essential commodities which the country cannot do without and which are, therefore, practically incapable of reduction. This means that finding resources to pay for its imports is a vital question for Brazilian economy.

This situation led the Brazilian Government to adopt an economic policy of diversification of production, and, as the supply of foreign currency was very limited, to reverse it for acquiring products essentially for the country's existence. Consequently, all possible efforts have been made to replace imported manufactured goods by domestic products. Circumstances, however, demanded immediate action to avert the collapse of the national economy, and hence the control of exchange, the freezing of credits and other governmental measures to ensure the essential food supply of the country.

These are the facts which prompted the Brazilian Delegation to make the following points in connection with the consideration of Article 41 of the Suggested Charter.

1. The economic policy of agricultural nations must be planned in such a way as to make possible the adjustments required by the changes which are taking place in world economy, the most striking feature of which is the gradual elimination of the difference between agricultural countries, i.e. producing primary commodities, and essentially industrialized countries.

2. It is far more difficult for countries whose economy is based on agricultural production for the export market to achieve this adjustment.

3. These agricultural countries cannot slow down the tempo at which their production is being diversified; this applies especially to new crops which have replaced old ones now yielding low returns.
4. Assuming that an international agreement on production will be reached, the basic production quota should take into account the possible expansion of consumption, resulting from either a general increase in population, or from a higher level of income in countries importing and exporting primary commodities.

5. With regard to primary products, economic policy should not hinder the cultivation of new crops in countries with conditions suitable for their economical production.

6. This economic policy must aim above all at progressive adjustment to new economic conditions since, in the long run, economic productivity alone can guarantee full employment and a high level of real wages.