

APPENDIX A

Recommendations of the Joint Committee of the Carnegie Endowment for International Peace and the International Chamber of Commerce

AUGUST 4, 1936

THE Joint Committee of the Carnegie Endowment for International Peace and the International Chamber of Commerce finding the world at the cross roads between fear and hope—fear that, unless the right lead is given promptly by the nations who have the power, another great war may submerge civilization with the suffering, the cruelty, the ruin from which we have not yet recovered—hope that with the right lead now, we may help each other forward in a progress even faster than the great progress of last century, being agreed in this fear and in this hope and seeking a clear and dispassionate statement of what can and cannot be done and by whom:

Appointed seventeen distinguished economists from various nations to establish facts and discuss remedies;

Now publish the thirty-one reports and the practical conclusions of these experts which lead to the following conclusions:

An active campaign is necessary in every country to inform public opinion of established and agreed facts. By working for the common good, each individual of each nation will do his part to remove the fear which oppresses all who think and to realize the hope which they all share;

Policy, Debt, Currency and Trade and, in particular, the movements of raw materials and men must be considered as parts of one great problem; the solution of each part is necessary for and helps the solution of

the whole and by that general solution we shall not only secure Trade and prosperity but a PEACE real and of value to all and so permanent.

In Politics the leading nations should seek without delay by a closer understanding to substitute friendship for fear and to stabilize the politics of the world. Direct negotiations between these few nations are immediately imperative and should be supported by public opinion in all countries;

Unless this closer understanding is secured promptly, it may be too late. The world is running great risks and no more time should be lost in settling these great problems in whose happy settlement we are all directly and vitally concerned;

There can be no question, without a real sense of security, of arresting the race to arm;

There can be no security unless confidence in the future is restored—based on international justice;

While political confidence is being restored, the few nations on whom as great creditors falls the duty and to whom alone is given the power to revive world trade, to stabilize the currencies and to lead the world to prosperity:

should set themselves to adjust international debts to the power of the creditor nation to receive goods and services in payment and of the debtor nation to pay;

should recognize and enforce the fundamental principle under which goods and services must be accepted in payment of international obligations;

should agree together and with other nations on the measures to be taken to restore that confidence in the practical stability of international exchange which will release gold now hoarded and restore buying power;

The rulers of all nations should convince themselves and their nationals and act upon the belief that a general policy of less restriction and more trade initiated by the creditor nations will expand the world market even faster than the ability grows to produce;

They should look with suspicion on restrictions which raise the price to their consumers and thus depress their living standard and in choos-

ing methods to help their citizens to employment should select those which are least likely to reduce consumption.

As first steps towards the fulfilment of this improvement of political and economic relations, the Joint Committee recommends:

1. the conclusion of multilateral agreements, open to "all comers," stimulating international trade;
2. pending the development of a situation favourable to such negotiations, the conclusion of bilateral treaties consciously used as an instrument for the demobilization of trade barriers;
3. the deliberate inclusion in all such treaties of the M.F.N. clause as a means to realize that purpose;
4. the general use of the M.F.N. clause in its unconditional form, with a possible exception in the case of countries which, even after the restoration of more orderly currency conditions, would continue to practise discriminatory quotas or foreign exchange regulations;
5. the establishment of an international centre which shall compile indices for measuring the comparative incidence of protection in the various countries, in order to encourage the reduction of excessive barriers to trade;
6. the abolition, preferably by multilateral agreement, of import quotas, as soon as the way to a definite recovery of world trade has been paved by appropriate monetary and other measures;
7. an acceleration of this process by the substitution of "tariff" quotas for "import" quotas during a transitory period;
8. an orientation of commercial policy towards a limitation of the use of import quotas to purposes of temporary expediency, thus facilitating the establishment of a time-limit for their removal;
9. the application to the quota system of a "fair play code," as laid down by the International Chamber of Commerce;
10. the conclusion of regional and restricted collective pacts as long as the purpose and results thereof are the increase of trade and the appeasement of nations;
11. the establishment of the correct relation of national currencies which no longer represent a fair parity, taking into account: the position of balance of payments, relative costs and prices and the domestic debt structure;

Such an adjustment should be encouraged by an assurance given by countries in a financially strong position to countries contemplating devaluation, that this procedure would coincide with a stabilization of currencies, or serious endeavours to this end.

12. a Joint Declaration on Monetary Policy by the leading World Powers covering the following points:
 - the avoidance of currency depreciation as an instrument of international trade competition;
 - the preservation and extension of the existing stability of rates except as necessitated by adjustment to fair parities;
 - the elimination of seasonal variations in the volume of currencies;
 - recognition of the desirability for a transition to a more permanent régime without undue delay;
13. the progressive abolition of exchange and clearing régimes, in the measure that it has been possible to solve the problems of international indebtedness, to resume international lending, and to restrain uncontrolled flights of capital (e.g. by standstill agreements).

The Joint Committee recommends the study of these documents to all thinking people and finally pleads that public opinion in all countries should press their Governments to act as suggested without further loss of time.

Peace we want, and Peace we must have if the people of the world are to be employed and their standard of living improved.