

6th May, 1942.

My dear Harrod,

Thank you very much for sending me a copy of your letter to Keynes about the relations between the Anglo-American Service and other Allied Governments.

I have, in fact, been considering the same problem in connexion with my relief programme. It seems clear that some sort of allied Council will have to be created to deal with the broader political issues governing relief policy. A limited number of countries - the United States, some of the Dominions and, I hope, the United Kingdom - will have to take the lead; but all the other countries will be interested either as donors or as recipients of relief, and a broad organisation will have to be set up comprising their representatives. Such a body obviously could not undertake executive work, but the executive organisation should report to the Council and obtain its approval of the general programme on which it is working.

It seems to me, however, that such an organisation

should/

Roy Harrod, Esq.

should not be confined to relief in the immediate post-war period. Relief imperceptibly shades off into reconstruction, and if a new economic order is to be planned after the war, the planning must be organised by concerted action on the part of the United Nations.

After the last war there was a so-called Supreme Economic Council which had general control of relief; but it was not effective in dealing with reconstruction matters, which were left to be settled by each of the Allied Governments. The result was to break up the unity of the Allies and to leave each of them face to face with grave difficulties which they met as best they could by individual protectionist policies. We must establish a more effective system after this war.

We are at present building up a unified Allied Command, with the necessary Allied Councils and General Staffs, to deal with strategic problems, and it may be anticipated that the unification of Allied policy in military affairs will be maintained for some period after the war. It seems to me that

it/

it will be at least as essential to build up some similar organisation to coordinate economic and financial policy, and it would be particularly desirable that this organisation should be built up during the war and maintained, or even strengthened, for a considerable period after the war.

As in the case of the Military Councils, so for the purpose of economic coordination the lead would have to be taken by the United States and the United Kingdom, with the cooperation, if it can be obtained, of the U.S.S.R. But the other Allied Governments would have to be brought in at an early stage and their support assured of the policies formulated by the big three.

In short, what seems to me to be necessary is that, first the British and American Governments should come to some agreement as the result of the forthcoming discussions in regard to the policy which they themselves are prepared to adopt, and then that a Supreme Economic Council of the United Nations should be formed to carry out these policies in all their detail. This Supreme Council, however, should not merely meet from time to time, as occasion arises, for a short conference, but should have at its disposal/

disposal a permanent Inter-Allied Secretariat or economic staff, which would have to pursue the detailed work and formulate proposals for decision by the Council.

As regards the last point in your letter to Keynes, I fully agree that the United Kingdom must take a leading part in the organisation of post-war relief; but this implies that we shall also make a real effort to contribute to meeting the needs of Europe. The United Kingdom is interested, more than any of the overseas countries, in preventing social disorganisation in Europe and putting it back on a reasonably sound economic foundation. But, apart from this, we have an unescapable moral commitment to our Allies to do everything that we can to help them, even at some cost to ourselves. The diffidence of the Treasury probably arises from the fact that they are now inclined to take the view that we should wash our hands of any contribution to relief, except in the form of any surpluses which are completely unmarketable. I don't think that this would be an adequate fulfilment of the policy announced by the Prime Minister.

Yours sincerely,

*FW Lewis Ross*