

framework of agenda.

Preamble.

Each party to such conversations as these must needs have particular interests, which their representatives are instructed to safeguard or promote. The overriding interest of the United Kingdom is to reach mutual understanding with the United States and an agreed basis for action. We ~~hope that~~ ^{believe} this ~~is a common~~ ^{to be} ~~interest.~~ ^{to be common to the two parties} It follows that it is ^{as} expedient, as it certainly is proper, for us to ^{refer to the states} ~~discuss~~ at the outset ^{to} such self-regarding interests as may not ~~be common~~ affect ~~as~~ ^{equally} the two parties equally. We shall then call ^{where} know with the other strands. We ~~hope that~~ ^{that by} ~~to removing~~ ^{the} greatest barrier to mutual understanding ~~the~~ ^{all} suspicion of undisclosed motives, we may destroy ^{it}.

The self-regarding interests of the United Kingdom are for the most part connected with one anxiety about our future "balance of payments."

Some calculations estimates have been made which give grounds for uneasiness. These make assumptions about an incalculable future and are therefore unreliable. In particular they cannot take full account of the advantages which may flow from Anglo-American co-operation.

Yet certain broad tendencies cannot be gainsaid. In last war reduced our foreign balance; and in the twenties it was precarious. The present war must make further inroads. We have lost income-earning assets; and the ^{difficulties} ~~shortage~~ of overseas trading ^{are} compelling many countries to fend for themselves where before they relied on British exports.

Now, although this matter of the United Kingdom balance must be a more vital interest for the United Kingdom than for the United States, since it concerns her very means of life and industry, it is yet it is ^{also} an interest for the United States. We calculate that we require to export, in round numbers, about £1000 million worth of produce each year, at present values. If our exports ^{fall} ~~fall~~ below this level, ~~there will be no means of~~ ^{we must} ~~we must~~ ^{would} be necessary to impose severe restrictions upon our import trade. ~~This is a predicament~~ ^{This is a predicament} from which there is no escape. And because so large a proportion of our imports are quite indispensable, our measures for excluding all that can be spared ^{would} ~~would~~ have to be correspondingly savage.

Such measures might be a bad precedent and example. Can we expect all nations to enter upon a more liberal policy of international exchange, sometimes against conviction, when such an important trading nation and a signatory of the Atlantic Charter is steering an opposite course?

Furthermore, failing an adequate export vent, it will be difficult to avoid deflation and industrial depression ^{in this country}. But this ^{encouraging and} ~~would~~ ^{would} handicap us in ~~promoting~~ ^{promoting} world-wide measures of "expansion".

1. I do not know whether it is intended to show our estimates to the Americans. The wording of the text should be devised to accord with our intention.

Doctor, cure thyself.

On these grounds it can be urged that it is a common interest of the two parties to draw such a plan for the better ordering of world affairs that the United Kingdom may find a sufficient vent for exports. ~~Thus~~ Only so will she be able to take her proper lead in eliminating discrimination, reducing barriers and, above all, in eschewing deflation.

~~It~~ should our urgent need to export be should not be thought of as a disruptive influence or an impediment to good order. After all, our total export requirement is less than 2% of the value of world output; and the difference between the level of exports on which we may confidently ^{in 1938} rely, and ^{the level} that which would provide us with comfortable subsistence is less than 1%. Thus our requirement ~~only~~ entails but a small displacement in the world flow of goods from producer to consumer; this is surely a trifling price to pay for obtaining freedom for one of the great powers to play her proper part in implementing the ideas of the Atlantic Charter and the Mutual Aid Agreement.

Having set forth our anxiety, we do not propose to raise it for discussion in these conversations. The scope of our Agenda is vast. Matters of vital common interest must have ~~greater~~ first attention. When the outlines of agreed solutions begin to appear, we shall have to take stock anew of our self-regarding interests.

Meanwhile we assume that the door for discussion is open wide. ~~All expedients must be~~ we shall follow where the argument leads. We make no reservations, and are prepared to join in any measures, active or passive, that may be shown to serve the ends set forth in the Atlantic Charter and the Mutual Aid Agreement.

1. Could the Central Statistical Office confirm (or improve on) this figure?

Agenda.

"Action to promote an expansion of production, employment, exchange and consumption."

1. Types of Action.

It is clear that we cannot take cognisance of ^{all types} every kind of action directed to these ends. The types of which we should take cognisance may be ~~divided~~ classified under four heads :-

1. ~~Some~~ Action which ^{can} may be initiated by the sole motion of an international authority, e.g. the formation of a world central bank, stabilization of the prices of primary products.

In this case the separate nations do not have to take positive measures of their own. Thus schemes could be put into operation quickly at the end of the war. An agreement of separate nations might have to be obtained on certain minor points, e.g. willingness to accept a charge on the international bank as a full discharge of debt. But the advantages of being a member of the bank would be so great, that no hesitation need be anticipated.

2. Action affecting external relations in which concerted measures by the separate nations are required, e.g. tariff reduction, control of capital movements.

3. Action directed to the internal affairs of the separate nations in which concerted measures are required, e.g. synchronized action to check ^{trade} recession by lowering interest rates, inaugurating public works etc.

~~4. Action~~
4. Action directed to internal affairs, which may be taken independently of other nations, but which is likely to have an important effect of the economy of the nation, her efficiency as a producer, her balance of payments etc., e.g. an important improvement of communications, agricultural reform, measures to raise the standard of nutrition and welfare, a regional scheme of the Tennessee valley type.

The international authority may be more or less intimately concerned with action ^{of the types} under the heads 2-4, (a) by ~~its~~ ~~submitting~~ the tender of advice under the three heads of economics, technology and planning and (b) by financial assistance.

Questions for consideration :-

1. The ~~nature~~ nature of the international authority.
2. The ~~scope~~ scope of its jurisdiction.
3. The ~~emphasis~~ emphasis and order in its handling of the problems.

2. ^{international} Nature of the authority.

It is possible to draw up a tidy paper constitution giving proportional representation to all nations of the world. Our experience between the two wars illustrated certain dangers in this type of arrangement.

There is another line of approach. It is supremely important, if we are to avoid a relapse into disorder, anarchy and subsequent ^{renewed} war, that deliberations should result in something more than plans, advice and resolutions; we need action and successful action. There are two requisites for successful ^{joint} action, like-mindedness and power.

At the end of the war power will rest with the United Nations. That power imposes a duty. They will have the opportunity of introducing some order into world ^{economic} affairs. They will not fulfil their duty by handing over their authority to some ^{new} untried ^{body} which may lapse into discussion and by dilatoriness miss the opportunity.

If it is desired to establish a world ^{economic} authority with equal rights for all, that can and should be done at leisure, ^{with} the time for prudent consideration, having regard to the political situation as it develops. It would be criminal to proceed in haste. The whole future lies open for idealist experiments. ^{But the} Treatment of economic disorders brooks of no delay.

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→ The United Nations will have the power ^{after the war}, but will they have the like-mindedness? This remains to be discovered, and perhaps cannot be discovered quickly.

Meanwhile have not the signatories of the Atlantic Charter ^{and the Mutual Trade Agreement} a special duty to concert measures to implement ~~it~~ their ~~dangers~~? ~~The real question is how far they can succeed by their unaided efforts~~ These two nations constitute a like-minded group of great power. If the United Kingdom ^{is} ~~may at once be~~ broadened to include the Dominions, our nucleus may be made to consist of ~~the~~ the English-speaking world.

Should it not be a subject for consideration at these conversations to see how far the English speaking nucleus can go in initiating action under the four heads of paragraph one?

An institution set up to discharge the manifold duties ~~these~~ contemplated might be called the Anglo-American Service.

It might be desirable to dilute this service by the accession of other partners ~~of the~~ (a) because it was unable to carry out all its tasks alone ~~or~~ (b) for political reasons.

Economists should be able to make a rough forecast of the possible scope and limitations of the Anglo-American Service. They could tell the statesmen that it should be able to discharge the tasks A, B, and C etc, but not D, E, F. That would leave the statesmen a free hand to carry out dilution for their own reasons, at their own time and discretion.

Some may hope that even if dilution is necessary, ~~the~~ the independent Anglo-American nucleus might ~~be~~ retain a separate existence for certain purposes. Common language and a basis of

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Furthermore it is always possible to broaden the basis of an institution as time goes on. But the reverse process is not possible. "Once the great hordes are called in, they cannot be dispersed. It is the part of wisdom, ^{therefore} to begin on the smaller but sure foundation, retaining the power to enlarge ^{it} whenever the expediency of so doing is proved.

like-mindedness give this group a coherence which can never be achieved by larger constellations. Given some agency for joint expression, this group must have great power in the world, however the larger associations wax or wane. This should not lightly be thrown away.

Economists might be able to define duties and functions which could appropriately be reserved for the inner inner Anglo-American Service, should statesmen think it desirable to devolve some international functions upon a larger body.

3. Date of inception.

Immediately after the war questions of relief and reconstruction will loom large. A number of tasks will fall to the lot of the two powers. There is need to be said for assigning some of them to the Anglo-American Service.

^{immediate} Post-war problems ~~may~~ will probably be severe and, if not handled promptly, may lead to grave deterioration, social disorders and revolutions. There will be shortages of shipping, food, raw materials and man-power and dangers of currency collapse.

One ~~advantage~~ of assigning ~~duties~~ ^{duties} to the Anglo-American Service is that it would provide a practical and straightforward body, it would carry forward the collaboration of war into the period of peace, it would give an exercise in joint action.