

PLANNING BY REGIONS.

Plans for a Clearing Union, an International Investment Board, a Buffer Stock Control, a Welfare Standards Board are methods of focussing discussion upon the general principles by which we should like to see the economic affairs of the world set in order. By themselves they suffer from being unduly abstract. Questions of principle may give rise to argument; and it is impossible to bring the argument to a rational conclusion without some assessment of the quantities involved, e.g. the size of the credit balances likely to be accumulated, the amount of foreign investment likely to be required to secure equilibrium, the amount of cash likely to be successively released and absorbed by the operation of buffer stocks, the amount by which it may be desirable and feasible to expand consumption and production under nutritional schemes.

Not much headway is likely to be made towards concreteness by looking only at world statistics. The problem must be broken up, and it would probably be wise to take certain fairly large regions such as South America, South-East Europe, Africa and China.

But if the planning of broad principles needs to be supplemented by detailed studies, the converse is also true. In making prognostications about future trends in each region, it is necessary to know the kind of world in which they will be operating. It makes all the difference whether we are justified in assuming multilateral trade, some foreign lending, fairly steady prices, etc. or not.

Thus the right timing seems to be as follows:-

1. At the forthcoming conversations it may be possible to reach some preliminary and tentative agreement on the general principles under the four heads mentioned above.
2. Committees should then be appointed to make regional studies in the light of these results.

3. These committees should report back to a later conference; on the basis of their reports it should be possible to reach greater precision about the general principles and also to settle certain special questions relating to the problems of particular countries.

The Committees should investigate in each region such questions as the distribution of the population among various occupations; the trend of change, if any, in that distribution; the trend of exports and imports and the balance; the regional income; the sources of regional income, e.g. from raw material production, manufacturing industry, trade, overseas investment etc., estimates of saving; opportunities of capital development, normal and special; emigration or immigration; the standard of living with special reference to diet.

They would make special enquiries into the most promising fields of development having regard to the wishes and capacities of the people themselves and the importance of maintaining a reasonable division of labour in the world.

In principle the whole world should be surveyed; but much more detailed study is appropriate in the case of countries likely to be borrowers through a scheme of controlled international lending.

There may be a conflict between the type of development Anglo-American planners consider to be in the best world interest and the wishes of inhabitants. How such conflicts should be resolved, what degree of pressure can or ought to be brought to bear by lenders, how controlled lending may be reconciled with making the borrowing peoples feel that they are having a proper share in the control and that justice is being done on good international principles should be a subject for discussion at the main Anglo-American conversations. I venture to suggest that it is the most important single subject requiring consideration there, although there has not yet been much reference to it in the documentation.

Though the committees dealing with the regions requiring

development would have the most onerous tasks, other regions should not be completely left out. One matter for enquiry regarding these regions is the minimum level of exports, if any, they require in order to be able to buy their necessary food and raw materials. The United Kingdom would certainly stake a claim for £1,000 million per annum at present values.

This seems to be the proper place and indeed the only proper place at which our balance of payments difficulties should come up for consideration. Under the Clearing Union the problems of countries in debit as such will be considered from every point of view; but only when we come to regional planning will it be appropriate to take up the problems of particular countries. If we are to go to these conversations as a potential joint victorious power planning a pax Anglo-Saxonica and world economic prosperity, and not as a mendicant, hat in hand, we should take the problems in their logical order. When it came round to a case affecting ourselves, we should then by an inevitable gentleman's understanding expect to get not only the common ration of bread and butter but a good spread of jam as well. But if we give scant attention to the world problem and keep putting our own difficulties in the forefront, we shall forfeit the respect which secures preferential treatment and belie the merit which deserves it.

Under this head the main negotiators would consider whether some agreement for a more or less flexible allocation or division of markets was a feasible or desirable idea.

It is to be feared that official circles in this country are rather weak in the detailed knowledge of world industrial problems. The Board of Trade should certainly be represented on the Committees and would make a valuable contribution; but it would not be appropriate to refer this matter in toto to the Board of Trade, both because there are many aspects to be examined which lie outside their province and because it would create the disastrous impression that we were looking at these world problems primarily from the point of view of our export

trade. The Economic Section of the War Cabinet Secretariat might be able to help whether from its own cadre or from its knowledge of knowledgeable people. The Colonial Office would make its special contribution.

It is to be hoped that we should have American collaborators on the committee. This would be valuable not only because we should gain ^{from} their knowledge and professional way of handling such problems but also because it would give an early chance for experimenting in close collaboration in a field where on the face of it no friction need arise.