

C222700

Continuing, DR. DALTON said that on the general issue of commercial policy, United Kingdom Ministers were not themselves as yet entirely agreed. He could say, however, that they were all concerned to foster and promote Empire trade in all practical ways. The United Kingdom must increase her exports by a figure estimated at 50% over her pre-war exports if she was to obtain the imports of raw materials and food necessary to employ her people, and if she was to hold her position in the post-war world. We had lost our overseas investments and our invisible assets. Unless an increase of the order he had mentioned could be ensured we could not be confident of bringing about full employment, or indeed even of restoring pre-war standards of living. Our concern was to extend our markets in the Empire, and also outside the Empire. That was the general object of the sketch which had been circulated to the meeting. H.M. Government in the United Kingdom and the Dominion Governments were in no way committed to the proposals in that sketch, which were based on the discussions which had taken place between United Kingdom officials and officials of the Empire earlier in the spring. But it could be taken as settled that no one would propose any abolition of Imperial Preference unless that was the unanimous desire of the Dominions, or for that matter, any reduction of preferences, save in return for a real and substantial quid pro quo. By that he meant not merely a better entry into the United States market, but entry into other markets from which we had been blocked out in the pre-war period by quota restrictions. The scheme also contained provisions around our safeguard; the position of infant industries; while it also allowed scope for state trading.

SIR FIROZ KHAN NOON said that India was interested both in the international monetary fund and in the proposals for commercial policy contained in the memorandum (P.M.M.(44) 1) that had been circulated. As regards the first she was very ready to take part in any discussions for the further and closer examination of how monetary stabilisation could best be secured. But naturally, given the low standard of living in India, any scheme which was likely in practice to result in India, as part of the British Empire, providing funds to keep up exchange, which would in practice be used by debtor countries, and which might in the outcome be a dead loss to the Indian taxpayer would be one which she was not likely to regard with favour. Industrially she was a new country, and her policy must be a policy of more employment for her people, and a rise in their income per head per annum. She certainly could not afford to abandon Imperial Preference, under which she had gained as much as she had given, and the provisions embodied in Article VII of the Mutual Aid Agreement that the economic arrangements to be made must be "mutually advantageous", and the reference in that agreement to "existing commitments" had been a great satisfaction to India as protecting her against possible United States competition. We should, he felt, be most cautious in our handling of these matters with the United States. India stood by the Imperial Preference Scheme, but she would, of course, be ready to enter into any discussions on these matters which Great Britain and the Governments of the Commonwealth wished her to attend.

MR. CHURCHILL, in adjourning the discussion, said that the range of topics covered in so short a time had been very great; but he felt sure it would be agreed that the discussion had been of great value.

Offices of the War Cabinet,
S.W.1.

+ P.M.M.(44) 1

-12-