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In the discussion on foreign policy last week, we had all been concerned about the possible spread of social disturbance after the war. He believed the best way to check it was by co-operating in parallel policies designed to bring about full employment, and higher real incomes for our people. This we could not do in national isolation nor within an Empire group. We needed to carry the other countries with us in these policies.

Field Marshal Smuts had spoken wisely of the importance we must all attach to the restoration of western Europe. The difficulties in the way of a purely political solution of their problems were great. He believed they could be partly overcome if we were to offer them our economic co-operation in terms of generous reciprocity.

These problems were difficult and very complicated. Bold solutions involve risk-taking which we would all wish to avoid if we could. He felt however, that postponement of new departures in the field of commercial policy until the end of a "transitional period", which he heard might be as long as five years, would be to accept defeat in advance. If we were to make a fresh start - our great opportunity would follow close on the end of hostilities. We should be prepared to seek it. If we waited, special interests in each of our countries - in Europe and in the United States, which have been subordinated to the pressing needs of a war economy, would assert their special claims. Each of us must inevitably face grave problems of industrial reconversion when hostilities end. He felt that these very difficulties would give us an immediate opportunity to build up our most efficient industries on firmer foundations than before. In so doing we could remove many causes of international friction and rivalry, and make sure that the economic bases of a world security organisation were securely laid.

MR. FRASER said that he would be grateful for information on two points. The first was commodity controls. The existing draft scheme provided for control of primary products. He felt that that was inequitable, and that if primary products were to be controlled, secondary products should be treated in the same way. But under the commodity scheme as it stood New Zealand products, which were essentially primary, would be controlled, but not her imports. His second question was as regards international cartels. What was the attitude of the Board of Trade on that subject, and did that attitude coincide with the attitude of the United States?

SIR JOHN ANDERSON said that as regards Mr. Fraser's first question the commodity control scheme had been worked out with great care by a group of economists; but he did not himself feel that the scheme was by any means yet sufficiently clear in respect of certain important aspects, and more work would, he felt, have to be done on them, and in particular on the point that had been raised by Mr. Fraser.

DR. DALTON, replying to Mr. Fraser's enquiry about cartels, said that H.M. Government had not yet settled their policy. They were inclining now to the view that there ought to be greater power to investigate the working of cartels, and to take action in cases in which their operation was shown to be harmful. The whole matter was being gone into by a Cabinet Committee in connection with the proposals for endeavouring to maintain full employment.