

ANNEX C

IMPLICATIONS FOR THE COMMONWEALTH COUNTRIES OF
EUROPEAN RECOVERY PROGRAMME

1. The Commonwealth Governments and their representatives in London have already had copies of the basic documents. These are:—

- (i) The Convention for European Economic Co-operation, setting up the O.E.E.C. and defining its purposes;
- (ii) The Economic Agreement between the United Kingdom and United States Governments;
- (iii) The United Kingdom Programme for 1948-49, 1949-50 and the Long-term Programme.

By the time the Commonwealth Prime Ministers meet, the revised 1948-49 Programme will have been sent on to the Economic Co-operation Administration by the O.E.E.C. The 1949-50 Programme and the Long-term Programme were sent to Paris on 1st October, but we have made it clear that the Long-term Programme is not to be regarded as final until after the meeting with the Commonwealth Prime Ministers.

2. Commonwealth Governments have been kept constantly and closely informed of all matters connected with E.R.P. Major developments are reported regularly in telegrams which are sent direct to Commonwealth Governments. More detailed information is also currently supplied through their representatives on the Commonwealth Liaison Committee in London. This Committee, of which Mr. Makins of the Foreign Office is Chairman, meets fortnightly and is attended by representatives of all the Commonwealth High Commissioners in London. Developments in connection with E.R.P. are explained fully at the meetings and Commonwealth representatives are free to raise any points that may be of interest to them.

3. In addition, discussions have already taken place with some Commonwealth Governments on matters arising out of the Long-term Programme and on development planning generally. The Chancellor of the Exchequer, on his recent visit to Ottawa, has discussed these matters with the Canadian authorities, and officials of the Governments of Australia and New Zealand have recently been engaged in detailed discussions with C.E.P.S. and other authorities concerned. It is hoped that representatives of other Commonwealth Governments will also take the opportunity for similar discussions on matters of detail while they are in London.

4. Commonwealth Prime Ministers will thus be familiar with the main outline of E.R.P. and of the ways in which it is likely to affect their interests.

Objects of E.R.P.

5. The main purpose of O.E.E.C. is to enable the Participating Countries as soon as possible to achieve and maintain a satisfactory level of economic activity without extraordinary outside assistance. What this means in fact is that they should attain dollar viability, collectively and as far as possible individually, by the end of the E.R.P. period, that is 1952-53. To this end the Organisation has requested each Participating Country to submit, by 1st October, a Four-Year Programme showing how it intends to attain dollar viability by 1952-53. These programmes will be considered by the Organisation between 1st October and 15th November, and are due to be forwarded on the latter date to the Economic Co-operation Administration as part of a general plan, drawn up by the Organisation, for the Participating Countries as a whole. The part which the United Kingdom hopes to play in the rehabilitation of Europe is set out in its Four-Year Programme. The successive stages of this Programme are given in the 1948-49 and 1949-50 Programmes.

The Four-Year Programme

6. The Four-Year Programme will be an important document for the meetings since it is the latest and fullest exposition of economic problems before the United Kingdom, particularly in its external economic affairs. But it is not final until both the other members of the Commonwealth have discussed it and it has been examined side by side with the programmes of other participating countries in Paris. This may involve significant changes. In its present form it is an answer to a request from O.E.E.C. for a statement of the policies we propose to follow to become independent of aid in 1952-53. The Programme shows that on the assumptions that we can sell 150 per cent. of 1938