

# CONFIDENTIAL

## FUTURE RELEASE

### NOTE DATE

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REMARKS BY THE HONORABLE WILLIAM L. CLAYTON, ASSISTANT  
SECRETARY OF STATE, AT A PRESS CONFERENCE DISCUSSING  
THE ANGLO-AMERICAN TRADE-FINANCIAL TALKS

In order to understand the British position and the need for an extension of credit at this time, we have to bear in mind two very important things. One is that Britain lives by imports, which is another way of saying that she lives by exports, perhaps more than any other major country in the world. And the other is that, in order to prosecute the war and mobilize her human and material resources to the greatest degree, she sacrificed her export trade.

At the time of V-J Day, her exports were running at about 30 percent of pre-war. Now, due to her great mobilization for war and the scattering of her manpower over the world, it is going to take her a long time to reconvert to peacetime production and to recover the export trade which is so essential as a means of providing payment for her necessary imports. It is estimated that this reconstruction may take upwards of three or four years. During that period, Britain will obviously run very heavy deficits in her balance of payments position with the rest of the world. The granting of this line of credit is primarily for the purpose of assisting her to meet those deficits.

If that were all that the credit did, it would not provide sufficient consideration to the United States. To be sure, a large part of this money would be spent directly for American goods and indirectly all of the money would be spent, in due course, in the United States. Our industries and our workers would obviously benefit from it. But if that were all, it would, in my opinion, not justify the credit.

In granting this credit to Britain, at this time, to do the immediate and urgent things that I have just indicated to you, we also enable Britain to undertake, with the United States, a full partnership in the enterprise of restoring the world to a multilateral trading basis and getting it off the bilateral barter and quota system that developed to such a great degree between the two World Wars and, of course, was extended during this war. With the aid of this credit, Britain is enabled to abolish the sterling area dollar pool arrangement within one year from the effective date of the agreement, so that whatever sterling is earned in Britain by any part of the world will no longer be treated as a frozen balance to be paid only with British or sterling area goods but will become a balance which

can be used for buying in any country in the world. That is the first very obvious and concrete consideration and benefit that the United States will derive.

Perhaps of even greater long-term importance is the fact that Britain will be enabled by this credit to join with the United States in full partnership in supporting our Proposals for the Expansion of World Trade and Employment. These proposals have been in preparation in our Government since the spring of 1943. We are now delivering them to the other countries of the world. They are to be considered in a World Trade Conference that we expect to have called for the summer of 1946. We have discussed these proposals with the British in great detail and our two countries are in agreement on all of the substantive portions of our document.

The American proposals are comprehensive. They deal with tariffs, preferences, cartels, quota arrangements, discriminations, possible commodity agreements, and so on. If we can achieve the objectives outlined therein, we will get the world out of the nationalistic, autarchic form of trading which has grown up in the last 25 years, and get it back on a multilateral world trading system. This, from our point of view, is of enormous importance. It will open the markets of the world in the United States. Nor is its importance solely economic. It has great potentialities, as well, for world peace. We can not long have cooperation in the political and military field if economic warfare should continue.

Consider what Britain's alternative would be if she were not able to get this line of credit from the United States. Britain, as you know, is the greatest importer of goods in the world. She would be thrown back on defensive methods of trading. She would be compelled to confine her purchases to those countries which would be willing to accept, in payment, sterling in London and this sterling would have to be spent for goods or services produced in Britain or elsewhere in the sterling area. You would therefore have a system which would prevent the buyer from buying in the cheapest market and the seller from selling in the dearest market. Instead, this system would require the channeling of all trade within the narrow limits which might be fixed by governments. That is the sort of a system that we want to get the world away from if we possibly can. The Agreement that has just been reached with Great Britain would make this possible; it would put Britain in a position to join in full partnership with us in bringing about a multilateral, nondiscriminatory trading system throughout the world. This, in our opinion, is the consideration of the greatest value to the United States. It will open up the markets of the world to our goods and should lay the foundation for a period of expansion in production, consumption, and the exchange of goods and services, and a rising standard of living for all peoples everywhere.

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