for either of the foregoing purposes, they may be forced into borrowing it at interest. This last course merely postpones but does not solve the problem: it makes it worse.

These are perils connected with international trade against which nations try to protect themselves as best they may by all manner of restrictive practices and by doing their utmost to become self-sufficient. International trade, which should be a matually advantageous thing, and a bond of union between nations, has been perverted into a form of cold war conducive to international ill-will and fear. These then are ills which must be cured if international tension is to be eased, the movement towards extreme nationalism halted, and the money barriers which now prevent the Free Nations from exchanging their goods and services removed—especially those between the Dollar and Sterling Areas.

No doubt there are many techniques which could be employed to give effect to the fundamental principle enunciated above, namely, that a nation which exports goods and services to the world should receive in return nothing —more not less— than a right to the goods and services of the world. Whether or not it then chooses to exercise that right and import the goods to which it is entitled should be its own affair. It could either do a small export trade and a small import trade, or a large export trade and a large import trade. These are matters which it alone could decide. It could also, if it so wished, do a large export trade and a small import trade, but in that case it must recognize that the surplus of its exports over its imports constitutes from its point of view a form of public works abroad in order to keep its own people fully employed. That again is purely a domestic matter. It might equally well do public works at home. It could either pay men to make goods, which are then exported and nothing comes back in exchange (public works abroad), or it could pay men to dig holes and fill them up again (public works at home). The essential change from the old technique must be that a nation which decides to do public works abroad, i.e. export in excess of its imports, must not thereby be given the means to inflict injury on the economies of other countries, whether by knocking down their exchange rates or by buying up their existing fixed assets.

The particular technique, to give effect to these principles, which commended itself to the London Chamber many years ago, had the advantage of great simplicity, and further, did not require the businessmen of the world to learn new methods: the Bill of Exchange which has been in international use since the fourteenth century would continue to be used. Moreover, it would enable nations with very different internal economies and at different stages of economic development to trade together on a mutually advantageous basis. Under the proposed system a nation which takes the imports from the world to which it is entitled will be paid. A nation which does not wish to take those imports will not be paid: in fact, as is now generally recognized, it cannot be. Therefore the system is merely being realistic in recognizing fact. It is not asking any nation to forego anything which it has at present, except the power to harm other nations, without helping itself. Moreover, the system would restore international financial discipline: this was one of the good features of the Gold Standard. A nation which consistently imported from the world beyond its ability to pay for those imports with acceptable exports to a willing buyer—and willing is the operative word—would soon destroy its international credit. A nation which indulged in internal inflation would soon find itself getting out of balance in its international payments, and under the new technique it could not alter its exchange rate unilaterally as it can at present.

Further, the adoption of this system would be a most effective answer to Communism. It is represented to the Marginal Nations that under present