

level does not mean that a particular price will never vary, and it does not mean that there will always be the same fixed value for a loaf of bread or for a pair of boots of given quality. The price we pay for a commodity or service is expressed in money, and money is really only the simplified means of expressing and facilitating the exchange of one commodity or service for another commodity or service. If I say that my wages are three pounds a week, and an umbrella cost ten shillings, what I mean to say is that my weekly wage would buy six umbrellas. I express in terms of money the value in exchange between my week's wages and umbrellas. The relative price will always vary. The price of wheat, for example, is likely to come down in terms of umbrellas or boots in a year of good harvest. Or, for example, the market value of a pair of boots is decreased by a new invention. Their price relative to other things will come down, and their price will also come down in relation to wages generally, including the wages of those who make boots, for with stable money there is a natural tendency for the remuneration for the surplus, including wages, to increase in relation to the price or cost of commodities. We are not talking about fixing particular prices but about the stabilization of the purchasing power of money for goods and services generally.

I have put stable money in the forefront of what is needed for successful national reconstruction and if I have done so it is because national planning ahead is so difficult as to be almost impossible without reasonable stability of price. It is equally true that success in securing stable money is hardly to be hoped for without much greater conscious direction and planning, planning in other parts of the economic, social and political life. In the financial sphere, for example, careful attention would be required to the subject of saving and of investment. In past years there has, in fact, been much more direction and control of the flow of capital into new development, especially into external development, than generally recognized, but such direction and control has been unsystematic, haphazard and largely unconscious. We need a new technique, both of saving and investment, and here I should like to say on the subject of saving that new capital can be created by saving and only by saving. Some of our troubles in recent years have been caused by a diminution of our national savings, the result partly of the redistribution of our national income during and after the war. In Russia a gigantic effort is being made to force savings by keeping down the standard of living to what seems to us to be at an intolerably low level in order to provide capital for their Five-Year Plan. We do not want anything of that kind here; but we do need all the capital, that is, the new savings that the nation can provide.

Conscious as we have been of the paradox of poverty in a world of plenty, we have been, as a nation, unwilling to believe, and, I think, rightly unwilling that drastic economy and a lowering of our standard of living can be the right way out of our difficulties, and unfortunately it has been quite true during the last few years that much of our sufferings have been of little value to the nation, and that the further cutting down of expenditure has too often simply meant additions to the number of the unemployed. But we must be careful not to draw the attractive conclusion that saving is a mistake. For the individual reasonable provision against contingencies and against old age is, in a nation of free men and women, self-disciplined by an active social consciousness, a primary duty to himself and an obligation which he owes to the community. The planned state will have need of all the new capital which his savings create, but unlike what has been happening by drifting the planned state will make effective use of the money.

The altogetherness of everything. . . . All along the line we have to advance simultaneously. We have to get to work and overhaul existing methods and practices, and rebuild a large number of our institutions in the economic sphere. Agricultural marketing, transport, housing, all need our attention, and they need attention in relation to each other. They cannot be dealt with piecemeal.