

belligerents during the war. It is now being tried in a more complete form in Russia, where it involves the suppression of both political and economic freedom as we know it.

What then are our alternatives?

The first is that we shall restore the conditions under which the automatic competitive price system worked well in the past. This I believe to be by itself incapable of providing a complete solution. Here and there we can, and I hope, shall, remove some of the impediments which are interfering with the working of that system, especially those which are due to the special disturbances of the war and have mainly caused the present depression, and thus clear a field in which the process can work as before. But many of the tendencies which have destroyed the adaptability of the competitive price system are permanent, increasing, and irreversible. We cannot arrest the development of large-scale industrial organization; we cannot annul social legislation; we cannot destroy the trade union organizations which reduce the flexibility of wages; we cannot abolish tariffs, though I hope we shall both reduce them and make them more stable. These three factors will so interfere with the working of the automatic system that it cannot be relied upon to work as in the past, especially since the greater rapidity of