

we do not try and do too much at the same time. More exports to the dollar area are essential if we want to maintain our social services and our personal incomes. The exceptional help that the United States and Canada are giving to us is tailing off, and we must soon become self-supporting at whatever standard we can afford by our own efforts. That means that we shall have to moderate the rate of our capital development and economize wherever we can in Government expenditure if we are not to overspend ourselves and so encourage inflation.

This step that I have announced is the most serious one that the Government could possibly take, and we are taking it because our present sterling dollar difficulties are, we believe, otherwise insoluble. They demand immediate and drastic treatment if we are to preserve the stability of sterling and to increase our dollar earning power—two absolutely essential requirements for our future prosperity.

Drastic Change Only Alternative

We have decided upon these steps because we are determined not to try and solve our problem at the cost of heavy unemployment or by attacking the social services that have been expanded over the last few years. This drastic change is the only alternative, and it offers us the chance of a great success, but only if we all play the game and do not try to take advantage of one another; if we take fair shares of our difficulties as well as of our benefits. These steps that we ourselves have decided upon will be supplemented by those agreed in Washington in the most frank and co-operative talks in which I have ever taken part. Our American and Canadian friends, who have already given us such great temporary help, have expressed themselves as ready to work with us for the permanent strengthening and stabilization of sterling, which they recognize as a most important international trading currency. They are willing, too, to make their contribution towards the increase in our dollar earnings which is the essential basis for a high level of trade between the sterling and dollar areas. This is a great encouragement both to us and to all the free democracies of the world. It gives us a convincing hope that with our own efforts thus made effective we shall finally emerge successfully out of our post-war economic difficulties. We thus start upon another stage in the magnificent struggle of our people to overcome the crushing difficulties imposed upon them by their sacrifices in the World War. We have so far splendidly succeeded and it is no time now to falter or hold back. In the light of the renewed promises of co-operation from the members of the Commonwealth, from the United States, and from our friends in Western Europe we have, on your behalf, accepted the challenge of the times for fresh and decisive action, convinced that it will bring us still nearer to our goal of happiness and prosperity for our people.