I might, at this point, add a few further comments. I am sure all those who have to deal with these matters of the level of demand, of conjunctural policies, realize not only that there are great difficulties of diagnosis but that, even when the direction of action becomes clearly recognized, it is difficult to decide on the strength of the action needed. The responsible authorities have to make their own judgment on this. The British authorities had a great deal of advice from the press and the public at home and from the representatives of other governments in various forums. Some of this advice suggests that more needs to be done to restrain demand. We feel that, naturally, as the government's measures have come forward seriatim, some of this advice is based on a lack of full appreciation of what is being done.

It is our Government's judgment that enough has been done at present to assist the balance of payments and to prevent the economy from becoming overheated. It is relevant that one of the pressures on the economy this year, one of the continuing pressures, is in investment and in industrial investment, which is in itself a very good thing; but it is not at all unlikely that the direct effect of the various measures which have been taken, and to some extent the psychological effect of these measures, will have a restraining effect on investment. Moreover, as the Chancellor said last week to his colleagues in Paris, they believe the policy of the Government to be very important in bringing about a more even growth in the demand for goods and for labour. Without the first, our business community will not make the investment decisions that are necessary for technological advance. But without the second we cannot expect our labour force to abandon restrictive practices designed to preserve employment when jobs are scarce. That is why, in circumstances when they take the view that the economy is not overheated, the Government has not resorted to general deflation as a sole weapon, in other words to deliberately create such a degree of unemployment as will be necessary to bring the balance of payments into equilibrium. They feel, and this is where the long-term and short-term measures are closely linked, that a policy of that kind carried to extremes would rule out entirely the confidence and co-operation between Government, employers and labour on which they rely for a successful policy on incomes and productivity and hence the long-run improvement on the balance of payments. As I say, these are matters of judgment, and I would repeat that further measures will be taken by the Government at any time if they are thought necessary.