

THE FIG TREE

Quarterly

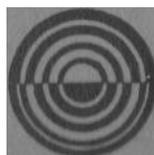
Edited by C. H. Douglas

Contributions by

The Editor	The Psychological Causes of War
Miles Hyatt	Bankers Are Responsible
V. J. Cobbetson	Murmurings in Myopia
J. Scott Kyle	The Will to Power
Tudor Jones	Means and Ends
H. E.	Political Strategy
Charles Jones	The New Civilisation
G. R. Robertson	The Perfect Crime
John V. Reid	A Study of Money

Major Douglas on
Production and Distribution

W. Lebel, D. M. Sherwood, Dr. Frotti
Geoffrey Dobbs, B. W. Kitching, Herbert Bluen



THE FIG TREE

Quarterly
Editor: C. H. Douglas
Associate Editor: Miles Hyatt

No. 10

SEPTEMBER 1938

CONTENTS		PAGE
The Psychological Causes of War	The Editor	4
Bankers are Responsible	Miles Hyatt	5
Murmurings in Myopia	V. J. Cobbetson	8
The Will to Power	J. Scott Kyle	13
Means and Ends	Tudor Jones	14
Political Strategy	H. E.	18
Production and Distribution	C. H. Douglas	21
The New Civilisation	Charles Jones	24
The Perfect Crime	G. R. Robertson	28
A Message Mutilated	W. Lebel	31
Bombshell or Bagatelle?	Dr. Frotti	32
A Study of Money	John V. Reid	33
The Guernsey Market House Scheme	D. M. Sherwood	39
Verses	Geoffrey Dobbs	41
	B. W. Kitching	42
	Herbert Bluen	42
Reviews		43

Although Major Douglas, as Editor, controls policy, the selection of articles for THE FIG TREE is made by the Associate Editor



Published by the Social Credit Secretariat Limited
163A, Strand, London, W.C.2

by Annual Subscription 10s. 6d. or 3s. 6d. a quarter
Post free everywhere

*But they shall sit every man under his vine
and under his Fig tree; and none shall
make them afraid. Micah iv., 4.*

The Psychological Causes of War

CERTAIN instincts in human nature appear to be basic instincts, and, as one might say, of the very nature of humanity, and one of these is a continuous reaction against limitation, whether that limitation be imposed upon the individual by those functions of the community that we call "laws," or whether it arises from other basic necessities, such as food, wealth, and protection from the weather. I think it is impossible to deny that war is a reaction against a threat of limitation, of exactly the same nature as the struggle of the pickpocket against the policeman whose presence threatens him with gaol. It seems to me that any argument based upon the assumption that mankind can be brought to like limitation, or can be persuaded not to react against it, is bound to be illusory. It is also, I believe, quite beside the point to argue that there is no such thing as an effective reaction against limitation through the agency of war, and I do not, myself, believe that it is true. Most of the consequences which have swept over Europe, and even the world, as the apparent result of the last great war, are *post hoc*, not *propter hoc*. It was not true, for instance, in 1919, that in a purely economic sense, as distinct from a human and ethical sense, the world was poor because of the war. Nor is it true that the economic crises which have been the outstanding factor in the history of the past eighteen years are in any genuine sense the result of the war—they are pre-eminently the result of financial manipulation which accompanied the war, but which was neither an integral nor an essential factor of the prosecution of the war.

If, therefore, we recognise that it is in the nature of mankind to react against limitation, and that that reaction will go to any lengths, even including those of mass murder and suicide, it may be true, in a sense, that this basic instinct is a psychological factor and causes war. But it is much more helpful to consider whether, rather than attempting to alter this basic instinct, it is not possible to remove the limitations against which it reacts with such fatal results, and obviously the first step to this end is to examine the nature of the limitations.

We might begin by emphasising the fact that there is all the difference in the world between regulation and limitation. I should define regulation as the prescribing of a particular course of action directed to an objective which receives general assent, such as, for instance, the ordinance that all motorcars shall drive on the left side of the road. A limitation, on the other hand, is something which prevents either an individual or a country from achieving something which, rightly or wrongly, it wishes to achieve.

In Doctor William Brown's interesting essay on the psychology of peace and war, he suggests that there is an element of paranoia in nations leading to war, and that, before the last great war, this was well marked in Germany, which imagined itself to be ringed round by enemies. I cannot help feeling that it is altogether too facile to take it for granted that this was a delusion. In other words, I seem to detect in the psychologist in general a tendency to believe that everything is a delusion, and that nothing is based upon fact, an attitude which we see in its extreme form in the popular conception of certain psychological philosophies, such as Christian Science. If it once be granted that the major mechanism for the distribution of purchasing power is the wage system, and that all the sanctions of war are used to prevent economic security and a reasonable standard of comfort from being obtained by any method other than the provision of wages, I think it is straining the meaning of words to say that a nation which is prevented by the commercial and political activities of others from keeping the whole of its population employed is suffering from a neurosis if it imagines it is ringed round by enemies. For all practical purposes it is ringed round by enemies, and while it may be, and is, true that the proper policy to pursue is not to engage in war with those whose necessities are similar because their conventions are similar, but rather to endeavour by every possible means, both national and international, to alter those conventions, the locality in which to look for the neurosis is not in the general population but in those persons who, by every possible means, prevent a favourable modification of the conventions.

The difficulty which arises, of course, is that the real patient in this matter denies that he is sick, and most definitely resists any suggestion that he should be cured. Nothing is more absurd than to imagine, for instance, that the Governor of the Bank of England, Mr. Montagu Norman, is a pure self-seeker in any ordinary sense of the words. He is a dangerous idealist, and would, no doubt, be able to adduce very substantial arguments for the ideals that he pursues, in addition to his own satisfaction with the position in which he finds himself.

You may at once remark that if this is the case, what is there to differentiate him, for instance, from myself. I think there is quite a short answer to this, and that is that in my own view the neuroses of civilisation will only be resolved by removing limitations rather than by imposing them. I, myself, and those who think with me, have no very strong view as to what an ideal world ought to be like; we are merely concerned with removing any difficulties in the way of

the individual achieving his own particular desires, particularly in the, economic sphere. We believe that the limitations placed upon the material comfort and economic security of the individual arise very largely from the assumption, obsolescent if not obsolete, that it is normal for every human being of adult age to be engaged in economic production, and that, therefore, he should not expect to draw from the economic pool without contributing to it.

Where I should agree at once with the people who think that war has a psychological origin is that there are a number of fixed ideas in most people's minds, many of them derived from a misunderstanding of morality and religion, which prevent the removal of limitations, even though this removal is otherwise feasible.

From this point of view any therapeutic technique which can be applied to those who tenaciously hold views which are out of relation with the facts of modern economic life would be of the greatest value. But it is as a preparation for definite action in the material world, rather than as an end in itself, that I think the teachings of modern psychology can be of the greatest service in averting the delirium tremens of civilisation—modern war. Without the action which doubtless can only proceed from right thinking, nothing can prevent an even greater catastrophe than that of the last European War.

C. H. DOUGLAS

Bankers Are Responsible

By MILES HYATT

WAR, if war comes now, will be largely due to two immediate factors.

One is the truly British reply to the annexation of Austria—the shoring up of sagging Danubian communications by the placing of fat moneybags in Turkey; that is to say, by crediting the Turks with the means to have warships made in England (which later on, no doubt, will be used to sink Englishmen) and to open up import markets for British goods. Something of the same sort has been tried in Yugoslavia also, where a London company is established in the mining interest, with a capital of £2½ millions.

The French have gone to even further and more perilous lengths in lending support to a Turkish extra-territorial adventure in the Sanjak which is remarkably similar to the game Hitler is suspected of wanting to play in Czechoslovakia; and this in contravention of all treaties and articles of the League of Nations. French credits are behind the recent rehabilitation of Bulgaria and her alignment with the Balkan Entente, and additional largesse has also been scattered in Rumania.

Since the Austrian Debt settlement, however, this Danubian policy has appeared to halt; and some have been led to think that “hands off the Danube” was a condition for non-repudiation of the debt by Germany. If so, there are clear signs that it is a condition which will not be kept, and already our industrious city-editors are hard at work creating “popular outcry” against it. That *cloaca maxima* of financiers' propaganda, the League of Nations Union, has been instructed by its Executive Committee's unanimous vote to work up a “Danube-conscious” nation by the autumn.

HOSTES HUMANI GENERIS

The second immediate cause of possible war is Dr. Schacht—he, that is, and the international bankers under whose orders he may be acting.

In the June issue of this quarterly it was pointed out that the frontier changes in Austria (calculated to bulk so largely in the eyes of survey-writers for the more “acceptable” journals) were seized upon as useful cover for a much more important move, perhaps a decisive one for both Germany and for the outside world. Amid the tumult and the shouting, Schacht accomplished a still, small and entirely successful return to the orthodox methods of bank-credit creation in Germany. The Germans were henceforth to become unfair game for the banker. As *The Times* of August 17 admitted: “Further, it is argued, the change to a less heterodox financial policy, introduced at Dr. Schacht's instigation on April 1, can, in a future growing increasingly proximate, only mean heavier burdens on industry.” Loans to the amount of £41,600,000 were soon issued, and taxation became astronomic. Moreover, as the *Deutsche Volkswirt*, mouthpiece of the Reichsbank, cheerfully forecast, still further increases in taxation were to come later. In the circumstances it is not surprising that “democratic” newspapers were for the first time given real grounds for

talking about the “fundamental instability of the German economy.”

Short indeed has been the time since that significant first of April, yet the process has been sufficiently rapid to dislocate completely the hitherto balanced money-economy of the Nazis, and to produce three quite major “slumps”—slumps which have become so grave that, taken in conjunction with suspicions of British intentions on the Danube and the situation in Czechoslovakia, they could well prove the final lever to force Hitler over the edge into disastrous action.

The question at once arises as to whether this outcome was intentional or not, and in whose interest it was brought about. That Schacht returned to orthodox banking practice because he believed in it as a system is just conceivable, but it stamps as foolish a man who has shown himself extremely able and farsighted in other respects. There remain, therefore, three possible theories: (1) The first is that the Bourse collapse was not primarily Schacht’s doing at all, but the effect of selling out by the Jews*; but this I am inclined to discount, as Schacht would surely have found a means to maintain equilibrium. (2) Perhaps the bankers behind Schacht had determined on forcing an early war, in pursuance of their twin aims—the destruction of nationalism and the preservation and extension of pyramid organisation. The latter, as Douglas pointed out in “Economic Democracy,” is almost invincible to assault from without, but is extremely vulnerable to the disruption which it always breeds within itself. It is possible to read into this situation a carefully-laid scheme on the part of men and groups who had decided months beforehand on the actual date and circumstances for war to break out.

*All along there have been two sorts of Jews in Germany—traders and small bankers who have suffered loss and persecution, and *certain* bankers who have not been touched (See *The Times*, August 22).

(3) A third explanation—so curious are the mental processes of our self-chosen financial Jehovahs—is that Schacht was causing these slumps in the fond hope that he could frighten the Nazis into keeping the peace; relying, perhaps, on the well-known fact of Hitler’s wind-vane character. Soon after bank-control was re-established, an ominous situation over Czechoslovakia was met on May 21 by the prompt draining of all the money on the Berlin Bourse, so that a minor panic set in and war was averted. But the ultimate effect was not peace. If the German leaders were shocked into quiescence at that time, they are doubly bellicose now, having probably read into this unprecedented and, to them, impossible depression the beginning of the end on the lines at present being pursued.

Whether any of these, therefore, is a correct explanation of the facts, or whether some other more recondite reason lies behind them,* one point at least is clear: that Schacht and the bankers have brought about a war-situation in Germany by forcing an internal monetary crisis on a hitherto balanced economy, and that this remains a fact, quite independently of any external stimulus such as the incentive for Hitler to intervene in Czechoslovakia.

*I think we may discount the story that is always put about—that Hitler will keep quiet if he gets a loan from London.

In March the president of the Reichsbank laid down the lying precept that “in the long run the State could give employment to industry only to the extent to which the expenditure could be financed out of tax revenue and current savings.”* In financial journals generally this was heralded as a sign that Germany might one day be found “participating in the international capital market” once more. Early in July, Schacht made what can only be regarded as an international bankers’ settlement of the Austrian Debt. London financial circles pretended to grumble, but actually there is no doubt that they were perfectly satisfied with it; for though some high-interest-bearing securities were “converted” from 7 per cent to 5 per cent, no unexpectedly drastic reductions were made, “and the changes were offset by the establishment of a sinking fund.” However, as *The Economist* points out, there was technical repudiation of the debt for home-consumption; the German press “omitted to mention (or merely mentioned in a way that meant nothing to the uninstructed reader) that Germany had agreed to pay anything at all.” Through the same means, though for somewhat different reasons, the British public is still only hazily aware that five years ago the American Debt was virtually repudiated by Great Britain.

**Financial News*, June 23.

That there was a fair amount of blackmail on the part of London and New York is not to be denied; threats of a clearing in London, and the temporary sulkiness (under Wall Street pressure) of the Bank of Brazil in refusing to buy German barter-marks, thus cutting off supplies of coffee, rubber and various raw materials, were obviously factors in the decision. But they are wholly insufficient to explain so complete a surrender on Schacht’s part.

Meanwhile on the real-life side of the picture, German mobilisation was proceeding without check. At the end of June conscription of all labour was decreed; the State reserving the right to decide where the individual should reside.

By means of trading licenses even private traders and independent craftsmen were rendered liable to be forced into wage-employment. The entail on land was abolished at the same time—indeed, it became obsolete when the last individual was successfully “entailed” to the wage-serfdom of some industrial combine; and, appropriately, another decree made it right and proper for the military authorities to seize at any time anything a citizen owned.

From July onwards there was feverish activity in the erection of new fortifications, especially on the whole length of the Belgian and French frontier, where a belt 35 miles wide was closed to the public. It was given out that powerful forces in the democracies desired a preventive war—an opinion for which, as has been shown, there was not a little to be said.

The Czechoslovakian situation was, of course, insoluble under present conditions, and the prolonged and ponderous discussions were either merely procrastination or a cloak for something worse. The Czechs insisted on keeping foreign policy, defence and finance in the control of a central government; the Sudeten Germans, many of whose business enterprises were hopelessly mortgaged to the banks, showed themselves desperately determined on autonomy or fusion with Germany. Germany was determined to absorb them. In the circumstances it is difficult to see what part Lord Runciman had to play in Prague, unless, as Berlin alleged, he was frying some other fish not unconnected with the City of London. Perhaps the financial groups, which desire war to take place, are opposed by others which desire to arrest it. Certainly while Czech people and government seemed to be straining every nerve to avert the danger, certain Czech elements, notably the so-called reputable press, were behaving in a most provocative manner. We know who owns the press. As Lord Runciman himself came in for sharp attack from this quarter, it is clear that there was divergency of policy somewhere.

In August the situation became thunderous. Under plea of “extended manoeuvres” the Germans called up the reserve, and despatched them in special trains to mysterious destinations. On August 9 the problematic Dr. Schacht drained the Bourse of all liquid cash, driving the stockholders frantic but not thereby restricting the military preparations. The Commerz-und-Privat-Bank whimpered that “increased production had passed the point of optimal return,” and that the money-stringency was due to the Four-Year Plan. “The classical laws of economics,” declaimed *The Times*, “are taking their effect”; we were to see that Nazi economy could not be entirely “insulated.” Busily Dr. Schacht went about short-circuiting the money-current; military mobilisation hastened on; omnibus and postal vehicles were requisitioned; an acute shortage of beef and eggs, due to food-diversion for storage purposes, made itself felt in the towns; and the frontiers often remained closed to foreigners for hours at a time. There was something odd about the Italian frontier, too—travel into France was suddenly suspended, and the French, after vainly requesting reasons, closed their side also. All Europe seemed to be waiting on the hour.

At the time of writing Germany is fully mobilised—“for six weeks or longer.” The air is charged with grim peril, and no one can forecast the future by so much as one day. Yet even in our extremity we can place the responsibility where it belongs; on the bankers. It is time, as Dr. Funk seemed to hint at Königsberg, to press it home.

OPERA COMIQUE IN FRANCE

Those of us who saw the Raimu film, “Le Roi s’amuse,” will remember the classic piece of prophetic nonsense when the King and the President delivered to each other their “sentiments spontanés” as handed to them on rolled parchment by their respective secretaries. It obviates the need to say anything further here about the royal visit to Paris in July, except to record the indignation of some “deflationist” Frenchmen about the extravagance of the preparations and the even greater annoyance of others that the President’s wife “s’est agenouillée” to the Queen. Many of the French are not yet aware that France is a crown colony.

Mr. Morgenthau, whose arrival and departure were less spectacular but more momentous, reached Paris on the 23rd, and is reported to have discussed all-round devaluation. Certainly, while Mr. Morgenthau was at Antibes,* the franc and the pound began to sink together. Perhaps he discussed the American Debt, in which, the *Financial News* hints, Britain may make a move in the autumn; not unexpected news to those who have followed the recent ground baiting on this question in the columns of the city editors.¶

*With no suggestion, of course, that a principle of specific gravity was involved.

It is not difficult to imagine that Morgenthau’s real demand was: “Stop tinkering; get rid of the 40-hour week, or . . . !”

¶ In passing I should like to commend quite seriously the suggestion made by Lord Catto in a letter to *The Times*, that the debt be paid by tourist cheques. If it *must* be paid, this is the one way in which it could produce little dislocation—and one which might give a good deal of pleasure all round; paying off your creditor by asking him to dinner might be both a precedent worth establishing, and, since Americans are hearty eaters, good for agriculture.

BLANK CHEQUE POWERS

Right and left decrees had fallen like the leaves in autumn gales, but not one of them had attempted to repeal the 40-hour week—before Morgenthau’s summer holidays! Even the attempt to get round it by “overtime” was being hotly resisted by the dockers in Marseilles, who refused to work overtime, or on Sundays and holidays, unless the work was spread out by the employment of more men with no decrease in existing wages.

After a day in the Chamber which culminated in hand-to-hand fighting among the deputies (M. Cornavin having accused the Government of working in the interests of the City of London), Parliament was dismissed “for an unspecified period.” Thus most of France is now without elected representation. This called forth fierce protest from so large a minority as almost to constitute a majority. At the same time the Chamber was induced to pass a batch of “draft” decrees, the details of which were to be filled in later—virtually blank cheques for the use of the Cabinet.

“Work,” said President Lebrun on June 19, “work regular, productive and prolonged, is France’s greatest need”; and the first of the 29 decrees issued eight days later hopefully aimed at providing some prolonged, if not specially productive, work. A higher tax on petrol was to be used in subsidising the conversion of 2,200 million metric tons of “surplus” wheat into spirit for military transport purposes! The sugar beet industry was also to be “assisted” in the same way.

But the blank cheque which the Cabinet filled up to most effect was that which gave the Bank of France powers similar to those of the Bank of England, to increase or decrease the amount of money in circulation by buying or selling securities on the open market.* At the same time, fortunate accident! a new discount company was formed by Morgans, Lazard Freres and the Banque de Paris et des Pays Bas, with a capital of 20 millions, “and with important contacts in London and New York, thanks to its parents.” This company has even been called the Tripartite Agreement in action, and the *Canard Enchâiné* says of it, “This trio . . . can make the weather fair or foul on the international money-market.”

* M. Jeune in *Intransigent* denies that the 40 milliard francs required by the Treasury will be created in this way. “The Bank is too virtuous,” he says, and the Treasury would not demean itself to ask. “The new decree will be published in the light of this double assurance of virtue.”

So much for financial France. For poor industrial and human France, no peace or safety is discernible anywhere. Outside the frontiers all is threatening and black; inside, freedom and security are being filched away swiftly and surely by the traitors within the gates. Early in July building strikes broke out in the Isère district and spread to Lyons. Other strikes took place at Lille. In the big stores, the employers, implacably hostile to the five-day week, and indeed financially unable to spread over the work of a six-day week by employing extra staff, have instead cut down the number of their employees by a half, and in some cases are forcing the remainder to work on a system of fines for sales below a certain level. The decision to close all stores on Mondays as a protest was not, however, a success, as the French shopping public merely transferred its custom to the smaller traders.

Yet it would be untrue to say that the position is one of unrelieved gloom. As it happens, throughout August France has been enjoying such a “boom” of tourist traffic as never was known before. Bounded before and after by industrial depression, nevertheless the fortnights preceding and following the “quinze août” will help to tide many a French home over some of the rainy days to come.

Murmurings in Myopia

By V. J. Cobbetson

THE man who was chiefly instrumental in wrecking the civilisation of Myopia leant back and smiled. He tapped his fingers delicately together after the manner of a parson.

“What are you going to do about it?” he asked.

He paused for a moment, then he repeated, "What are you going to do about it?"

The man opposite him sat and squirmed.

He was a much younger man; much less skilled in argument than the other, much more prone to believe that right must triumph, in a world in which there was obviously a preponderance of wrong.

He was very acutely aware that the older man had all the cards in his hand: very alive to the face that he could not hope to do much against the power and forces which this man represented.

Still he sat there hoping for the best. He had the ingenuous idealism of youth, and much of its belief in the power of honest statement and action. He thought he had calculated to some extent the strengths and weaknesses of his opponent.

"What am I going to do about it?" he re-echoed. "I am going to call your bluff, am going to show you that you and your like had better draw in your horns before we younger people hang you at the barricades."

The other laughed. He had not met this sort of thing before. He was glad now that he had invited this young person in for a chat. It was diverting to realise that there was still such courage in the world. He had been tempted to think that it was a quality which had completely vanished in the system he had set going with such amazing efficiency.

"May I ask, my dear young sir, how you intend to do it?"

"I take it you admit that all the corruption has been systematically engineered for some time past by you, for your own purposes?"

"Oh, I grant you that completely. You see, the whole point of this interview is that I am going to give you all your points. Could anything be more gracious, more hospitable?" Again the Powerful Man ironically tapped his fingers like a parson.

"Well, the first point I am going to insist on," said the young man "is that we have at last succeeded in getting a good man into an important public office. It is by now public knowledge that Bimbo has been appointed to the Board of Coercion."

"My dear young sir, that is really too crude. Do you honestly think, in the first place, that Bimbo will continue to hold his views once he is installed in such a safe and important office? Believe me, he will take on the tone of the place within two weeks."

"But that is preposterous. He is a man of the greatest integrity."

"He is a man of great integrity who has never been forced to make an important decision. He has lived, like all of his type and class, in a system which has gradually sapped his subconscious impulses towards definiteness and honour. He has a wife and a family. It will be too much to expect of him that he should sacrifice these amenities for your madman's dream."

The young man's eyes blazed.

"It is you who have the madman's dream."

"Oh, dear me, no, we merely preserve the status quo to our own advantage. Under the name of liberty, freedom and democracy, we shall so charge the air at your precious Board of Coercion that it will be impossible for your man to realise what are his own deepest convictions. Very shortly he will be going along very smoothly, issuing the sort of ukase which is surely (and, believe me, none too slowly) turning a nation of strapping, although rather thick-headed, youngsters into an ineffectual rabble of milk drinking nincompoops, only fit to attend the lectures of emancipated riff-raff at the School of Financial Ditheration.

"This Coercion business has given us great pleasure. It must, of course, be confessed that our plan could not have succeeded so well with a naturally intelligent people. You see yours has been so besotted since the 'Reformation,' with crack-brained ideas about the 'rights' of the people, that all discrimination has been lost.

"In the last resort, our tyranny, as you so rightly call it, is infinitely more subtle and effective than any of the others.

Whereas the Fascists and Oriental dictators knock you down with the butt-end of the rifle, we calmly remove your seat from under you, or, if you like, give you an almost imperceptible but nevertheless extremely effective stiletto-stab in the back, whereby you will be for ever incapacitated from finding comfort, hope, or friendship. You will have the exquisite satisfaction of knowing, even in the last kick of your infuriated despair, that you are, unlike your German, Turkish and Italian brothers, perfectly free. And indeed, you will have only yourself to blame if you do not enjoy the comforts of a workhouse ward at the end, complete with every refinement of democratic insult, including a Man of God specially imported from that extremely useful training-college for our underlings, the Church of Myopia. Yes! you will be free until the last gasp, and everyone will say, 'Poor fellow; a most unfortunate victim of adverse circumstances; but what can one do for individual cases in these troublous times, etcetera, etcetera?' You will in all honesty be able to blame nothing except your own unlucky star. Rule Myopia!"

"But I can assure you of one thing. Nobody that counts believes in the Church of Myopia nowadays," retorted the young man, certain this time that he had seized on a salient flaw in the argument.

"Oh! don't they indeed? At least it managed to get a king off his throne in less than a week. That was not bad work for an effete institution. Far more effective than all your idealistic measures for 'Reform.'"

"But that is nonsense," the young man retorted. "The whole business was quite clear. The king himself specifically stated that he went of his own accord."

"My dear young man," answered the magnate. "That again illustrates one of our most subtle moves. We always keep a large stock of 'national honour-talk' in reserve to turn on when it suits our purposes. This reaction is still kept slightly automatic, although, of course, not automatic enough to travel as far as the intelligence. Kings, with their inevitable sense of prestige, fall willy-nilly into this particular trap. They never realise there is any trap to fall into."

"Like most cynics you overstate your case," answered the young man, rallying bravely amid what he thought was his armour. "Even if your story be true, even if you prevail for the moment, you cannot in the end defy the power of literature. You will have to bow to the march of the intelligence, which 'passes securely through all.'"

"I note the integrity of your emotion which is sincere enough to hand me a quotation from Thomas à Kempis," returned the Powerful Man. "But you must remember that the worthy Saint Thomas had the sense to confine his triumphs to the world of the Spirit. We admit that, perhaps unfortunately, we cannot entirely deprive you of that—although we have certainly done our best! But that is going to be very poor consolation to most of you young idealists. What you are cursed with is the philanthropic passion, and that can only be assuaged in the human arena."

"As to the 'power of literature,' we happen to know a great deal about that. It is fashionable nowadays to imagine that anyone with any pretensions to an intellect is progressive. Naturally, we foster this atmosphere for all we are worth. We have even succeeded in getting our own men well into the running for the next laureateship. It is rather uncomfortable nowadays for any young man in the universities (even the older ones) who ventures to hold your views; he soon finds himself without invitations, friends or resources. It will take a very strong-willed young man to bear an atmosphere of constant ostracism. As he will almost certainly be rather shy and sensitive by nature, this early loneliness will end by leaving him embittered and unbalanced."

"No, my dear young sir, 'the power of literature' is one of our most treasured possessions. By its means we can rally all our forces. In particular we can most insidiously foster the notion that change means progress, whereas, in actual fact, the very opposite is true, as a good thing need not and should not change."

"Besides, all the publishing houses and printing presses of the very least importance are in our hands. If you take the trouble to cast your eyes over the popular editions and cheap reprints which bespatter our bookstalls, you will note that everything that appears is 'advanced' in tone. The other side has no show at all. If we hear that a person of sane sympathies is writing or even reviewing, we take good care to inform our agents. Small quantities of poison are dropped in editorial and publishing ears. Exit young author and reviewer. Every door of this kind will be closed to him."

"Still you cannot stifle the free intelligence," parried the young man. "It will leak out in the most unsuspected places."

The Powerful Man laughed.

"The free intelligence has long ceased to be a reality in any quarter which matters. Matters, that is to say, to the

power of the Money-Barons who are slowly but surely draining your nation dry of character, will and energy. Besides, the quality you speak of has by force of circumstances become so rare that it assumes in the eyes of ordinary men the form of a marked freakishness, which they instinctively and fearsomely avoid. Occasionally your aristocracy (that is, the wealthier sort) get away with a speech or an essay of quite regrettable frankness and lucidity; but we can afford to smile, because we know that these persons, owing to the degeneration in the mode of life of their class, which they subconsciously assimilate (and even copy at times), will do nothing of a practical nature to reinforce their glimpses of sense and righteousness. If you cast your eyes over the diverting scene of the politics of modern Myopia you will also (being an intelligent young man) notice that individuals of this type absent themselves in the most unaccountable way either from seats in the Cabinet or from participation in any of the country's key activities. They are frequently to be found shooting vaguely at game on large country estates; but they might as well shoot themselves for all the invitations they are likely to receive to turn their much-needed, indeed, very brilliant abilities, to the salvation of their country."

"Do you really think you can suppress a nation's vitality for ever?" The young man was becoming desperate.

"Look where you will," returned the Powerful Man in quiet satisfaction, "the youth has been corrupted. It is by its young men that a country lives. If you take the trouble to look at any reliable statistics, you will find there has been a regular and ever-increasing degeneration in national health. There are very few young men of the present day who do not represent as well a curious 'sub-pansy' quality, if you will pardon the expression, which has become most 'chic' in the very highest quarters. The Public Services are almost entirely staffed by that kind of floral decoration.

"Has it ever struck you that culture has come to be synonymous with a high-pitched voice? You will believe me when I tell you that it took us a considerable time to produce that horde of epicene young persons in debating-rooms and cafés, whose inconsequent arguments and lilliputian arrogance must indeed cause the gods to vomit. Those girlish giggles and coy ways, when multiplied many thousandfold, have put an excellent weapon into our hands. We see that they all get good and safe jobs, where very shortly they will be able to titter away the very bedrock of your life."

"I admit you have done all this," answered the young man. "It is also evident, wherever one looks, that youth is going downhill. But when things have got too desperate for you to be further successful, there will always be the Army to rise up against you and save the country at the last."

The Powerful Man laughed out loud at this. "You must pardon my mirth, but, without realising it, you have hit upon the very king-pin of our policy. It is really too funny. You see, we have hoodwinked the War Bureau itself—surely the last refuge of Diehardism of the most rigid type. But no! One of our people (no one ever quite knew how or why) was moved in, so to say, overnight. All the Majors and Colonels and Generals turned up one morning to find one of our gentlemen installed in a high office—a very high office indeed. I myself managed to pop in that morning—an irresistible impishness, you know, in my nature. The expression on their faces was quite too funny. A great many eyebrows, I assure you, were raised. A certain number ventured so far as to ask where the person came from and what his antecedents were. We soon put *that* right.

"Next day the Chamber of Representatives, not to mention the whole of the Press, the M.B.C. and the highest dignitaries of the Church were vying with each other in an attempt to enthrone our agent among the enskied saints of statesmanship and politics. It was pointed out how popular and successful had been his Bill for forcing every poorer-class home to exhibit flowerpots in at least one window—the 'Summer-in-the-Home Bill' he called it. Also the measure for providing crooners with pensions—very near to the heart of the people that!

"There were still a few raised eyebrows in the hierarchy. We noted this phenomenon very carefully. The eyebrows all belonged to old and tried servants of the Crown.

"In less than a month we started a cry for Youth in the High Command. Oh! most successfully, I do assure you. It appealed to all the 'idealistic' element in the community. The eyebrows were removed very quickly. They are already languishing in bungalows at the seaside. They will develop very bad tempers—some of them had very bad tempers already. Poor things, they had need, when they contemplated what we were doing with their recruits (milk-drinking and Morris-dancing have radically altered the character of the soldier, believe me).

"The poor old things frequently aired their grievances to their 'luncheon-ladies,' who have been quite invaluable sources of information to us. My own wife shrieked when I told her this. Yes! I am candid enough to admit that my wife shrieks when she laughs. It gives a flavour to the incident."

“The only thing you have omitted to mention,” retorted the young man, “is the furore that will be raised all over the Myopic-speaking world when your scheme is discovered. All things come home to roost at last. Even plots as deep-laid as yours. They will tear you limb from limb, the people we shall incite against you.”

“My dear young man, in the first place we have made your people a very difficult proposition to incite. We have taken very good care to foster the legend of the phlegmatic and peace-loving Myopian. Actually, in his healthy period, he was anything but phlegmatic. All the evidence goes to show that he was, on the other hand, one of the most robustious animals in the world. But he has become peace-loving enough in our hands. The Myopic lion is rapidly turning into the Myopic lamb. We managed to sack the most virile king he has had for a very long time, with hardly a single protest. I must confess that even I, with all my cynicism, was rather astonished on that occasion. It only proves what good team-work can do.”

“Sooner or later you will find a chink in your own armour.” The youth was still trying to hold his ground. “What are you going to do when a civil war comes? It will not be easy then, to protect yourself from the inevitable nemesis which awaits those who defy the decencies.”

By the time a civil war comes we shall be far away from the scene of action. Unlike most of your few remaining patriots, we have taken the fullest precautions with regard to all possible eventualities. Our Christmas presents, believe me, are not all in one stocking; they are waiting for us in many different parts of the world. We have followed, in this respect, the excellent example of a number of ex-kings, who have very wisely entrusted their eggs to several separate baskets. While you are busied in endeavouring to protect your wives and children from the worst ravages of poison-gas and bacillus-bombs, we shall be taking it very easy at some sunny resort where the cannon cease from troubling. We shall take advantage of the fact that we have been disliked and blamed. We shall absent ourselves with most admirable taste and tact from quarters where it has been more than once suggested that our room would be preferred to our presence.

“The people to be blamed will not be ourselves at all. Mobs, you know, have never been particularly discriminating. They have always been inclined to attack, in any emergency, those persons most different from themselves. Actually we have managed to absorb and imitate much of the nature of the average man. We are extremely popular with our servants and with all those who come into contact with us. To paraphrase Voltaire, it is necessary for success in this world not only to appear stupid, but also to possess manners and tact.

“To be quite candid with you, we have only one fear. These are two more powerful things in the modern world which excite our worst apprehensions. One is real Christianity, the other real democracy. If these forces actually united, I am afraid our little plot would be no more. But we are very successfully crippling them at present. One of our most effective weapons is *silence*. If we can veil their activities from the public gaze, we shall have done much to insulate their effects. The shouting on the other side is so vociferous that it hides the still small voice of any minority. Nothing can rival the hypnoidal effect of newspaper repetition. It is the very Circe’s voice of our times.

“Nevertheless, we are keeping our watchers busy. It will never do to give up our beautiful structure without a struggle. We have worked at it too long for that. The machinery has needed constant oiling.”

“We shall oil the machine with a revelation which will bring it to nought,” shouted the young man, desperate with anger and humiliation.

“I see your temper is getting uncomfortably strained,” remarked the Powerful Man, very pleasantly. “I think it is time we concluded this interview.”

He rang the bell for the butler. The youth wandered disconsolate along the streets.

The Powerful Man returned to his study. He proceeded to bite his fingernails reflectively. His expression was not very pleasant to see.

“It’s curious how power palls,” he murmured to himself. “Say if the young fool is right after all. ‘We are the music-makers, world-movers and world-creators.’ Those poets occasionally hit the nail on the head. To hell with interferers. They make the earth underneath one rumble. Revival of Christianity—surely not, surely not . . . ?”

He shook the bad mood off him and rang up his latest platinum blonde. That night the headwaiter of the Café Banquier beamed with pleasure as he received his tip. Alcohol is a fine solvent for misgiving.

The Will to Power

By J. SCOTT Kyle

NO long examination is needed to assure the observer of society that it is the will-to-power which is the mainspring of anti-social activity. The lust of domination, as Douglas calls it, is an observable fact coeval with, and inseparable from, human existence; but what causes it is more obscure. It is possibly the impulse of personal sovereignty engrossed beyond the sufficiency necessary for a balanced mentality. If the human mind be looked on as a multi-phase energy converter, each of the various impulses which precede action being the input at one phase, there would appear to be an overload at the personal sovereignty phase which causes unbalance. Persistent overloading ends in disruption, that is, mania.

Since the will-to-power is coeval with humanity, its result in action has altered in appearance contemporaneously with the altered actions of humanity consequent on the progress of civilisation. The primitive despot's lust of domination impelled him to take the land, cattle or women of his weaker associates, simply for the satisfaction of his physical desires. The more civilised despot, however, despoils and expropriates not so much for direct physical satisfaction as for the psychological assurance of his superiority to his opponent. The school bully who takes a smaller boy's cap and tramples it in the mud, saying "that's jest ter show yer," is of this type. The still more civilised power maniac shows the influence of his hyperactive will-to-power by his assumption of infallibility in knowing what is good, according to his ethics, for the rest of his associates. Not only does he advise them to "make sacrifices" for the good of the State, but he compels them to do so by the taxation that despoils and the debt which expropriates. Not the least of the causes of social friction is the struggle between the ideological, imposed ethical "good" and the realistic pragmatic "good."

The will-to-power in action is most perceptible in the control exercised by the monopolists of financial credit, and it is not, perhaps, entirely coincidental that these antisocial individuals should be, as are a great many of them, Jews. The Jehovah of the Old Testament was, presumably, the Hebrews' ideal Hebrew, and it is interesting to observe how the treacherous, bloodthirsty braggart of the early books gradually changes to the omniscient omnipotence of the later chronicles. The unique nature of the Hebrew God, typifying the complete centralisation of power, is also noteworthy compared with the polytheism of the Hindu who is, racially, lacking in the will-to-power.

There is, along with the desire to dominate, another impulse common to human individuals which, for lack of a better phrase, can be called the will-to-associate. Once again sufficiency is all; action impelled by it results in Ely Cathedral or the "Queen Mary," while excess leads to the goose step or the Glasgow slum. It is a more complex impulse than the will-to-power, because power is an end in itself, whereas association is not. Association is material action taken for a specific objective; power is psychological expression and an objective in itself. It is this complexity which makes "the tragedy of human effort," as Douglas calls it. The will-to-power individual, being direct, can and does force the much more numerous associative individuals into believing that association is an end in itself. The result in action of this belief is the demand for work instead of the fruits of work, or the demand for a strong State instead of strong individuals. The power maniac is not associative himself—he crosses the Atlantic under an assumed name or retires frequently to a lonely villa—but he has an acute perception both of the increment and of the principles of association. Indeed, his continual filching of the increment is possible only because of his recognition of the principles. The hierarchical or pyramidal organisation of society is, pragmatically, the best for obtaining the maximum material increment. But, in an association where money is paramount, the financier, the monopolist of financial credit, is automatically placed at the apex of the pyramid, with a potential lien on the total material increment of that association. It is natural that the greatest power maniacs should be the financiers. Among them the change mentioned earlier is observable over the last fifty years; from the robber baron methods of the eighties and nineties in the U.S.A., to the unctuous Methodism of the present day.

The question arises, though, of the weapon used to force the associative individual into a belief whose result in action leads to tragedy. Since the end desired is psychological, the weapon is psychological; it is fear. Fear may be defined as a lively sense of unhappiness to come, and unhappiness is caused largely by lack of material security. By continuously depriving a large minority of almost all the increment of association, the financier holds up to the rest of society an awful example of what may befall it, and so fear is instilled. To the will-to-power individuals of less degree it gives spur to further ruthlessness. The disruptive effect on society of such processes is only too patent, but they prevent reasoning on the part of those who fear.

All fear derives from the Father of Lies, and this is particularly true of the fear of material insecurity. To fear is to doubt; to doubt is to disbelieve. Material security depends fundamentally on belief—the belief of individuals that in association they can get what they want, provided it is available in Nature.

If this belief were firmly and consciously held by a numerical majority in a society, action impelled by it would be automatically irresistible. Such action would, through modern energy conversions, ensure to each individual continuous material security. Furthermore, disbelief, doubt, fear, would come to an end, on being confronted by established fact. It follows that with the removal of its chief weapon the will-to-power exercised through the monopoly of financial credit would be effectively choked.

The prime tasks, then, devolving on those balanced individuals who perceive the danger to society inherent in the will-to-power are to foster belief, to resolve the complexity of the associative impulse and to guard against any attempts on the part of the power maniacs to alienate the sanctions which, by democratic usage, pertain to the majority. Only the continual presentation of pragmatic truth (in which task the genius of Douglas is supreme) can ensure a society perfectly balanced between centripetal organisation and centrifugal individual desires; the will-to-power will always seek to dominate the latter through the former.

This presentation can be done both by precept and example; by the instilling of ideas and the directing of action consequent on the ideas. It is important, for instance, to talk to one's neighbours about democratic principles, but it is more important still to get them to form a united and successful demand for a reduction in local taxation, and so let them see the dynamic application of those principles. More people act by habit than by reason; before walking to the bus every morning one does not calculate that by placing the feet alternately in front of each other the distance between home and bus will eventually be covered. Similarly society could, after a period of conscious trial, habitually take the pragmatically correct action to achieve its desires.

It is of first importance that, while society is learning to walk, all passive obstacles be cleared out of the way. There are many of these, such as the superstitious virtues attributed to tradition, the abstractionist influences in organised religion, the unaccountable reluctance to express ideas in action and many others. They mostly derive their force from authoritarian ethics and would tend to disappear with the presentation of truth, which alone can reconcile the ethical with the pragmatic, the metaphysical with the physical.

In the meantime, it is the clear duty of all seekers after truth which will render assistance in society's trial and error experiment, to distinguish clearly between organisation and policy. The distinction is vital, but at the moment obscure to the majority. Habitual recognition of it by individuals would form the basis on which the most complex form of society could be erected with safety. In it the power maniac would be easily recognised as the saboteur he is, and could be treated as a temporary inconvenience, instead of being, as he is now, a permanent omnipotence.

Means and Ends

By TUDOR JONES, M.D., D.Sc., F.R.S.E.

The first requisite of a political democracy is that its operation shall be confined to objectives, not to methods.

—C. H. DOUGLAS.

ACTION is forcing upon the attention of Social Credit field-workers many knotty problems concerning the nature of means and ends and the relationship between them.

To take first a difficulty which, from the practical point of view, is a minor one, we are often asked whether we deem the end to justify the means. What any practical man, whose business calls for the exercise of a high degree of refinement, has to say to that is twofold: (1) That means and ends meet, and if the end is not justifiable, the means cannot be, for you cannot fairly take one without the other; and (2) (which is, practically, more important) you cannot do anything by different ways. This assertion is contrary to general belief (or profession of belief) and may therefore merit some clarification. A simple illustration will suffice for this purpose. It is said that some bank holiday makers get drunk, and that it is possible to get drunk by drinking too much whiskey; or, alternatively, by drinking too much beer. These are misnamed different ways of achieving the same end. A moment's consideration will show that the end is not the same, or anything like the same, in the two cases. In each case, the end is inebriation *plus, plus, plus, plus*, etc., each plus standing for a different event in the two series, one for whiskey-drinkers and the other for beer-

drinkers. The tribute payable to the City of London, for example, is different in the two series; so is the aesthetic (if any) effect of the colour of the drink; so is the effect upon the appetite for other foods (if alcohol is a food), and so on. Leaving certainty out of consideration, there is nothing which is more constantly relied upon in practice than the unique character of means for the accomplishment of ends. Thus getting drunk is not the whole result but only a part of the result. There is (experience suggests) *one* way to do one thing in nature, and *only* one way to do it. It is wholly misleading to abstract one fragment of the total result of any distinct operation, and to say that is the end: it isn't: it is merely a fragment of the end.

This is usually a minor difficulty, as it displays itself in the field; but in the determination of strategy it assumes, very great importance.

In the field, the acquisition of practically useful notions concerning the distinction between means and ends *which the "consumer" is capable of making* has already become urgent. Distinctions between means and ends which the "consumer" is incapable of making afford opportunity for confusing his mind and deflecting his aim, and are really the same problem put negatively. The use of knowledge of this matter by the opposition is its principal means of substituting means for ends: one of the chief of the arts of Government.

The "consumer" must be assisted to distinguish *pragmatically*. If he cannot do so he is ready for the net set for him by the opposition.

As an approach to this matter, consider the "consumer" just after the advent of Benz, and just before the arrival of De Dion, Panhard and Napier, etc. "He" regarded Benz as the experimental verification of the top-hatted gentlemen astride various fantastic forms of the "horseless carriage" depicted in early Victorian coloured prints, and knew nothing of carburettors, belt or chain drive, differentials, coil ignition, and certainly nothing of automatic gear-changing, the highway code, and third-party risks covered by insurance.

At first sight it appears that at this time the "consumer" wanted a motorcar and (in England) did not want it to be called an automobile. It is true that in our economic society as it is at present and has been throughout the development of the motorcar, the "consumer" has "wanted" more or less what he was made to want. Assuming a salesman's pamphlet which lies at hand to reveal a correct assessment of the car-buyer's wants at the present moment, one item is

Ratio of gears: 1st 3.906 to 1; reverse 4.207 to 1.
2nd 2.467 to 1
3rd 1.491 to 1
4th direct

Some people may think, with the writer, that this is bunkum.

It is just as much bunkum to say the car-buyer of 1906 formulated his demand of the productive system (though he could have done so) thus: "I want satisfaction in regard to the provision of means for the conveyance of self and friends *ad lib.* when and where I like, without commensurate physical effort on my part or theirs, in comfort and with safety at varying speeds."

These words are not by any means "too symbolic for useful application"; but in practice opportunity was afforded for the play (restricted by the given economic environment) of trial and error. The conscious formulation of demand (or objective) is probably to a much greater extent a necessity of the efficient working of the productive system (of administration) than it is the consumer's business; and it may be that in so far as he has to participate in the correct formulation of demand, the consumer is in reality entering into the productive system. He is participating in administration. This is the probable source of our present difficulty: in default of opportunity for the free play of trial and error, the consumer is called upon to act as the administrator of his policy. "His policy" in this case is "*to make effective* his right to determine policy." This making of something effective embodies an administrative element. Here the consumer is called upon to function as an *expert* administrator—not merely as an expert chooser of what he wants, as when and where he wants it, all the wanted entities being freely available. What he wants is by no means freely available. This necessity is no longer apparent, even if he has to exercise choice of the correct means offered to him in favour of a large assortment of *incorrect* means offered to him at the same time.

We may say that when a demand is too symbolic for useful application, it lacks definition. There is an effective degree of definition below which demand is ineffective—particularly in regard to possible but unattained political objectives—and above which "substitution phenomena" set in. It would be a step forwards to acquire some practical ideas on this matter.

Suppose, without reference to who does the demanding, we analyse motor-car production from the point of view of policy (the objective) and administration (technical means of attaining the objective). It is to be noted in the first place that, strictly speaking, even goods for consumption actually in the possession of the would-be consumer himself are not wealth: wealth is an increment of association between the consumer and goods, and comes into existence only on consumption. In tabular form, then:

(General)		(Particular)	
<i>Policy</i> (What is wanted)	<i>Administration</i> (How to provide what is wanted)	<i>Policy</i> (What is wanted)	<i>Administration</i> (How to provide what is wanted)
<i>Wealth, i.e. Satisfaction.</i> Note that this (or these) although not strictly <i>indefinables</i> are only definable and measurable by such means as counting what is left over when there has just been unrestricted access to goods.	by provision of goods freely accessible to a would-be consumer (distribution of sufficiency).	Satisfaction <i>in regard to</i> effortless, speedy, safe, comfortable, etc., <i>transportation</i> when and where the consumer chooses.	} "a motor car"

It appears that means are concrete, whereas, in so far as the analysis carries us at present, policy has an abstract quality.

We are not here trying to analyse the ceaseless interplay of means and ends which are step by step combined by inventors and manufacturers for the production of a motorcar. There is a sense in which a motorcar factory embodies in its construction and organisation the whole history not only of the motorcar but of mechanical engineering, and indeed much more than that! Rather than pursue a historical line, let us consider the details of a car. We shall find that for every piece of the mechanism, and for every association into which it enters, there is a purpose which the mechanism is there to fulfil. Further, that these correspondences can be arranged in order of familiarity to (let us say) the owner lady-driver, and that this may be done while concentrating attention upon a single theme and following

Policy I	Means	Policy II	Means	Policy III	Means	Policy IV	Means
effortless	power	energy source	petrol	release of energy	ignition of a compressed mixture of vaporised fuel	means of raising temperature to flash point.	spark gap and electrical current source
		conversion mechanism	engine	direct application of prime-mover and conversion to motion of rotation	four-stroke piston action in conjunction with inlet control. crank	means of preparing mixture compression. heat control. timed opening and closing of explosion chamber	"carburettor" by force of 1st upstroke after clearance of chamber of exhaust gases. water cooling system. cam-shaft mechanism

(as it were) its natural development (which was not necessarily its historical development at all). To give an example, let us take only the condition “effortless” in the definition of “particular policy” in the last table:

There would follow more and more minute (but not less important) *policies* represented in engineering practice by the *problems* set before designers for elucidation. Historically, of course, attention constantly passes and re-passes from one side to the other of such a table. Policy XXX (let us say) would concern the attainment of an optimum length of stroke (other factors contributing to efficiency being taken into operation). Such a table, *representing the actual attainment reached in a given factory at a given time* in respect of all the features of a given car, would be of considerable size, constantly becoming deeper towards the right hand side, where matters, most of which would be totally unexpected by the “owner-lady driver” would figure, e.g., the detail specifications of labour problems and their practical solution; advertising problems, etc., etc.—and *somewhere* in this vast table would be the *name* of the car, the weight carried by the luggage carrier, indices to the fatigue phenomena arising in a random sample of undergraduates in respect of vision, hearing, neuro-motor reactions after driving it for a variety of distances in a variety of conditions!

Clearly such a table could be constructed in accordance with many *policies* according to the author. The point is that it can be constructed in such a way that the meaning of each double column is clear to fewer and fewer “owner-lady drivers” the farther one passes to the right. Most of the details *could* be represented by the mention of some abstract quality in the first column (though in modern financial conditions of industrial production the quality might be a bit “thin”). Every one of these qualities matters (or ought to matter) to the consumer, and strictly none of the means matter to him.

Leaving out of consideration what may or may not be a fact, that the average car-buyer buys a pig-in-a-poke, there is somewhere in this table a *vertical line, to the left* of which the car-buyer’s policy is sufficiently defined, and to the right of which it is so ill-defined as to be capable of being used to defeat his ends.

This line varies from individual to individual, and for each individual at different times. In places it might pass far to the right, to include some particular gadget the correct use of which is familiar to the individual concerned, and back again. In some such experimental table as here illustrated, this line may be drawn completely on a blackboard with coloured chalk. The writer calls it “the green line.” What does it mean for those of us who are engaged in mobilising demand for mechanisms not unconstructed but at present, let us say, held in reserve and invisible to the public, which is acutely conscious of a need only for the results they would secure?

One thing is fairly clear: the variability in position of the green line means that what is being sought is a pragmatical optimum, which in the present state of our knowledge of social dynamics cannot be inferred from first or any other abstract principles.

Banking v. Industry

The hold which controllers of money are able to maintain on productive forces is seen to be more powerful when it is remembered that, although money is supposed to represent the real wealth of the world, there is always much more wealth than there is money, thus leading to that most paradoxical situation—a world filled with wealth but suffering want.

These facts are not merely fiscal, to be cast into figures and left there. They are instinct with human destiny and they bleed. The poverty of the world is seldom caused by lack of goods but by a “money stringency.” Commercial competition between nations, which leads to international rivalry and ill-will, which in their turn breed wars—these are some of the human significations of these facts. Thus poverty and war, two great preventable evils, grow on a single stem.

—Henry Ford in “*My Life and Work*,” Chapter xii.

Political Strategy 1934 - 1938

By H.E.

The Director of Political Strategy of the Social Credit Secretariat discusses recent developments.

“It is quite possible that the definition”—of the objective common to all humanity—“embodied in the majestic words of the American Constitution, ‘the inalienable right of man to life, liberty and the pursuit of happiness,’ is still unexcelled.”

And considering stages towards this end, Major Douglas continued:

“The primary requisite is to obtain, in the readjustment of the economic and political structure, such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism; that by their aid he is placed in such a position of advantage that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him.”
“Economic Democracy,” 1919

Developing this theme:

“Nothing but the rehabilitation of democracy in a genuine sense, with an understanding of its limits, will enable Social Credit to become an actual fact.”
Buxton, 1934

“The general principles which govern association for the common good are as capable of exact statement as the principles of bridge building, and departure from them is just as disastrous.”
Liverpool, 1936

* * *

The science of Social Dynamics sets out the technique whereby individuals, acting together for a common end, may regain and retain the control of initiative. The policy of the Movement is centred in the use of these principles of association to attain the primary requisite as stated by Major Douglas. This involves a campaign of action whose aim, put into substantial form, is to reach a position where 370 Members of Parliament are not only pledged to obey the will of the people, but are charged with that will—precipitated in a demand, the satisfaction of which must reorientate finance and result in economic freedom.

During the last four years this campaign has taken certain forms or phases: the Campaign to Abolish Poverty; Local Objectives; the Rates Campaign; and, contributory, the Farmers’ and allied policies. In each of these we have gained in experience by the practical use of principles; in each we have gained knowledge of the factors of the problem; and this experience and increase in knowledge have resulted in substantial advance towards the main objective.

The positive effect of the work done during 1935-36 was the production of a democratic mechanism and proof of its potential efficiency; while its negative effect was to show that the electorate were not yet ready to assume the control of initiative towards an objective desired by the majority of themselves: the Abolition of Poverty and a National Dividend. The active will which creates the sanction was not there; the steam was lacking.

The encouragement and practice of local objectives was essentially a search for this steam. The general effect was to inculcate democracy by acting as democrats, and to increase in individuals the sense of mastery over institutions by success in definite acts of mastery. The specific result of this form of action was the discovery of a widespread source of steam which centred in a key objective; that is, in an objective which impinges upon the opposition—which contains a challenge to the retention of the control of initiative by finance. The ratepayers’ demand is for Lower Rates and Lower Assessments, and no Decrease of Social Services. This, backed by information concerning debt and the creation of credit, is in effect a demand for a local dividend, whether that be distributed as such or takes the form of a reduction in rates. And the parallel between that and the National debt, credit and dividend is sufficiently obvious.

In Great Britain the practice of local objectives has fulfilled its main purpose in revealing this key objective, and action is now focussed in support of the ratepayers’ demand, although knowledge of the technique of the production of local successes, and consequent local encouragement may prove the solution of other situations still in the future.

Other countries have widely varying conditions, but it seems likely that the rates objective may prove the same stepping-stone in many cases; indeed, ratepayers in two of the States in Australia are already at work on these lines. The key to successful action lies in organisation, and, as has been found by experience, it is vital that this also should be based on the realities of human association. All will do well seriously to consider the Rates Campaign and without doubt will obtain and study the advice and literature issued by the United Ratepayers' Advisory Association.

Attempts having been made to confuse the issue, it appears to be necessary to state the obvious: that this campaign is a demand by ratepayers for lower rates, as specified above. If that is not a fact, it cannot succeed. In particular, it is not a demand for Social Credit, and, should any group of individuals determine upon that as their objective, it is certain that the United Ratepayers' Advisory Association would at once withdraw the service of their advice.

* * *

In these successive phases of action the Social Crediter is gaining his true position as adviser to the public in respect of desired objectives. This advice may be classified:

(1) The application of principles—united pressure for a clearly defined result and directed on the individual responsible—insistence that he shall transmit this pressure to experts capable of producing the results—the development of sanctions, the first of which is publicity which expresses the urgency behind the demand. Experience shows that these ideas are readily absorbed by use in action for some desired objective, and this action is the point—not abstract explanation.

(2) Holding the demand steady; refusing to be misled by misrepresentation, false trails, false evidence and false loyalties; refusing to be side-tracked away from either the demand or its point of application. In the anticipation and countering of opposition, whether conscious or automatic, it will be found that success lies in a constant return to the underlying realities of the particular situation.

(3) The presentation of the background showing the public “what is possible.” In the campaign to Abolish Poverty the endeavour was to show that “plenty” exists and poverty is therefore unnecessary. In the Rates Campaign the aim is to present the facts regarding debt, loan charges, and the costless creation of credit in their true relationship to the ratepayer. In local objectives there is rarely need to put much emphasis on “this is possible,” because the public already knows it.

(4) Organisation; which recognises that its subject is individual initiative, which is the basis in action of democracy: that its object is the alignment of this initiative in effective action: that its solvent to this effect is personal responsibility, and that its embodiment is a hierarchy of individuals—each acting with the impetus of initiative along a line of responsibility.

* * *

The quality of any proposed demand needs consideration; it may be a sound local objective; it may have characteristics which will lend themselves to development into a key objective; and it may be useless for either.

The correct use of the three factors—Policy, Administration, and Sanctions—constitutes a machine for the delivery of required results. But, just as a mill for rolling steel sections must be fed with steel (not cast iron or clay) so the results' machine must be supplied with demand having certain characteristics; it must be united, emphatic and precise. Granted this, the correct use of the machine will provide the results with the same degree of certainty as the mill turns out steel joists. It is useless to demand abstractions such as “justice” or methods such as “tariffs”; in that case the machine may supply results—but not those required.

Whether the desire for any objective is general, and may be brought to be emphatic, is a question for preliminary experiment and judgment. Regarding precision, the test is more specific. Will those demanding be able to recognise and check the results for themselves? The answer to that is vital. “The moment a majority begins to vote for something it does not understand, it is perpetrating a lie. It is saying, ‘I want something I do not know the nature of and this is its nature.’ ”
Westminster, 1936

This is related to the distinction between results and the methods to be used in securing them. This was made clear (Buxton speech) in its application to politics and is developed from another viewpoint in an article in this issue. *

*“Means and Ends.” By Dr. Tudor Jones, page 139.

* * *

The primary requisite at which we aim contains three factors: The control of initiative.
Access to benefits of science (plenty).
Freedom to choose or refuse.

Of these, the control of initiative is the moving, active factor. In itself it is not the subject of demand but resides in action—in enforcing a demand which contains the other two essentials. It will not be gained in any single victory, but is that which actuates a democracy of policy, as exercised by individuals in consecutive actions.

These three factors indicate in general terms the necessary substance of any key objective. But a demand must be precise; it is useless to ask for “freedom” or “access”: stated as such, they are far too vague, indeterminate. It is necessary to specify a definite and continuously maintained point of access, and an increasing modicum of freedom; and to state it as a result which can be identified and checked by the electorate. That problem was also solved in 1919, in the suggestion of a National Dividend, which, in compact and comprehensible form, carries these requisites.

A National Dividend—*with no increase in prices or taxation.*

Lower Rates—*with no decrease of social services.*

Essentially these are both demands for “access in freedom,” plus a rider which ensures the economic balance necessary to maintain their continuance.

These remarks are intended for the aid of any who, finding a source of steam, endeavour to use it, whether as a local objective, or as power to gain a key objective (when this has not been found). The Compensated Price is a case in point. Perhaps enough has been said to form a basis for judgment, but this especial note is added. This objective appears to be aimed at economic balance, and (apart from other material considerations discussed) would therefore require a rider to ensure the “access in freedom” without which that balance cannot be maintained. Lacking such provision it cannot constitute a key objective.

* * *

Astonishing successes have already been recorded, but we are still far from realising the full power of the results machine used as an implement in the strategy of democratic politics. The elements may be restated for convenient reference.

The purpose of “local” objectives is practice in democracy, a heightening of personal sovereignty by success in mastery of institutions—and a search for steam. Their first requisites are (a) that the demand be for something which most of those concerned want, and (b) that it is something which they are likely to get on demand. Rapid success is the essence of this stage. Granted these, objectives may be encouraged for anything which is reasonably in accord with a correct apprehension of reality (e.g. we should not encourage a demand for “work”).

“Local” objectives are usefully considered in relation to key objectives. The former are capable of satisfaction within the present financial system, the latter constitute an attack upon it.

A key objective is a demand which in itself is a step in the removal of the control of initiative from finance to the people, and must therefore contain the three factors which are the essentials of the primary requisite. Such a demand may grow out of “local” objectives; or may be the river into which these, as tributaries, run.

The Salvo. This tactic should be used in conjunction with action in a demand; and may be preparatory or in support. It consists in a number of meetings held on or near the same day, each addressed to the same point . . . that point being some angle illustrating “it is possible,” or other phase stimulating action.

It is not easy to imagine an undertaking of more formidable proportions than that which we are attempting. If it were not for the understanding in experience of how human beings do, in fact, fall naturally into organisation which is based on reality, and formed to fulfil a common need, it would appear an impossible undertaking. But Social Crediters are on the verge of the capacity and will to grasp and use this social credit. Using it we shall succeed; if we had anything approaching a full understanding of the power contained within these principles, we should know it—

and know that this is only a beginning.

Months before any one of our larger victories, Major Douglas said:

“Our philosophy will change the run of the universe at once. It will enable you to have a new conception. So if you can do that, and in my opinion you can do it systematically, you will, in an incredibly short time, become the most formidable force the world holds, because you will have, in my opinion, the sounder philosophy, and you will have, in that philosophy, the better policy.”
— (London Conference, 1937.)

“*So if you can do that . . .*” Douglas did not say “if you can believe that,” “if you can understand that,” or “if you can teach that”—the words he used convey a rendering of thought, belief and understanding into action: if we can do that—that is precisely the point; it stands.

“This situation is so new and so decisive, I sometimes think all books written before the World War are antiquated, except the New Testament—or rather the Four Gospels, for St. Paul is in spots quite useless. But not the Gospels. The practical wisdom, for the new era, of these strange commands—take no thought for the morrow—consider the lilies of the field—is being revealed to our wondering eyes.”

—Mrs. Harriet Boyd Hawes, before the Goldsborough Committee (Hearings, page 161).

Production and Distribution

By C. H. DOUGLAS

MUCH confusion has been introduced into the analysis of the industrial and economic system by the use of the word “production.” Consideration of the elementary principles of the conservation of energy and matter is sufficient to indicate that there is no process involved which can justifiably be called production, but that we have to deal with a metabolic system which involves taking matter and energy in the forms in which they are provided to us by nature, and transforming them into other forms in which they are more useful to the special purposes and aims of man; a statement of the case which does not differ very materially from the definition of engineering contained in the Charter of the Institution of Civil Engineers. Left to themselves these “products” resort to formless states approximating to the “raw materials” out of which they are fashioned.

All changes of form are energy processes, and from this fact it is clear that any fundamental change in the energy content of the economic process may be expected to exert a profoundly modifying influence upon the relation of the system to other human interests. It is probable that it is the change in the energy content of our modern economic system which at bottom is responsible, more than anything else, for the readjustments with which we are faced in the world today. This is not, of course, to suggest that the increased energy content of the economic system is in itself a disadvantage. On the contrary, it is the direct, and probably the only method by which the limitations imposed upon mankind by nature, as apart from those imposed upon him by local restrictions, can be removed.

Man is primarily a heat engine, requiring per day in the case of the adult about 4,000 calories contained in complex fuel. Simply regarded as a prime mover, he is probably capable of exerting about 1/12th to 1/15th of one horsepower for the equivalent of about six hours out of the twenty-four. On the rough estimate of 150 million horsepower available in Great Britain, the modern production system, so far as energy content is concerned, has a potential output (on the basis of a forty million population, of whom, say, fifteen millions are employable) of at least four hundred times that of the population unaided by mechanical power.

It is significant that the mere requirements of food, warmth, and shelter were met in the Middle Ages with a short working day, at a standard which, on the average, compares surprisingly well with that of modern times, if all the factors be taken into account. Some of the achievements of the Middle Ages, more particularly the architectural, are still unsurpassed, and were accomplished by small populations continually harassed by local and national wars and strife. The progress of the industrial arts, our knowledge of materials and processes, and our experience of organisation, together with freedom from physical interference in times of peace, would suggest that we should have

reached a standard of economic security combined with an increase of leisure much greater than is, in fact, the case. Our failure to do so can, probably, be traced in two complementary directions: first a high percentage of waste, and, secondly, a failure in economic distribution.

WASTE

Much has been heard in the past few years of the destruction, as surplus, of wealth actually created. This "surplus" wealth ranges over a wide number of products. Merely as instances among many, in the three years from June 1931, to June 1934, 29 million bags of coffee of 132 lbs. each were destroyed in Brazil alone. In 1926 there was a world wheat surplus of 279 million bushels. In 1931 there was a surplus of 646 million bushels, which in 1932 had become 669 million bushels. This was all material which could have been absorbed if the white population of the world had obtained as much wheat and coffee as it desired, or even needed.

It is probable, however, that by far the most important factor in waste is misdirected human effort, resulting in a great excess of capital production accompanied by a constant sabotage of plant still capable of continued usefulness. A comprehensive analysis of sabotage, the technical term applied to organised waste, is contained in the works of Professor Thorstein Veblen; and it is beyond question that the fundamental incentive is the desire to "make work," with the object of "getting on the pay roll." This sabotage is effected in many ways. Among the less obvious are bankruptcies and financial reorganisation. It is estimated that out of every hundred retail shopkeepers ninety fail in business. The number of bankruptcies per annum in Great Britain rose from about 900 in 1920 to nearly 7,000 in 1930, and probably the break-up or "sabotage" of industrial plant was involved in most of these cases.

In this connection it should be pointed out that no physical meaning can be attached to the phrase "producing at a loss." For instance, a steamship is a potential means of transport, and is a physical asset, whether it is run at a financial loss or not. The question as to whether it is run at a financial loss or profit depends far more on the amount of purchasing power available in the hands of the general public than it does upon the peculiarities of the steamship, or the essential need for the services which it can perform.

FAILURE IN ECONOMIC DISTRIBUTION

Two main factors are responsible for the observed failure to distribute goods and services which the modern production system can supply. The first of these is the disparity between total prices of goods for sale and total purchasing power. This disparity, which is now not seriously contested, may be traced to at least five causes, if the problem be examined analytically:

(1) The allocation to selling prices of costs which were not distributed at the time when the specific article was produced, e.g., debt charges. The world debt increased 47 per cent during the 17th century, 466 per cent, during the 18th century and 12,000 per cent, during the 19th century. Taking 100 years as the unit and A.D. 1800 as the origin, world debt is increasing as the fourth power of time.

(2) Savings, i.e., abstention from buying.

(3) Investment of savings. The effect of this may be merely the repayment of a bank loan, which destroys both the loan and the money with which it is repaid; or it may be to create a new cost without distributing new purchasing power.

(4) Difference of circuit velocity between cost-liquidation and price-creation, which results in charges being carried over into prices from a previous cost accountancy cycle. Practically all plant charges are of this nature, and similarly all payments for material brought in from a previous wage cycle. The effect of this is similar to that of increasing the price of an article by the allocation of a profit.

(5) Deflation, i.e., sale of securities by banks and recall of loans.

There are other factors, but they are of less importance at the moment.

The second, and increasingly important, cause of the failure in distribution results from the interlocking of the distribution of purchasing power, or money, with the employment system, and as this is also the primary incentive to sabotage, it is probably the factor requiring the most urgent attention. It is obvious that a machine which produces as much as a hundred men ought to distribute purchasing power to the hundred men displaced, if the goods produced by it are to be sold. This would be the case if either (a) the goods were given away, which would mean the abolition of

the system, or (b) if new purchasing power equivalent to the goods produced were distributed free, which would be the ultimate extension of the dividend system. It will be seen that the agitation for the abolition of dividends, of which much has been heard in the past fifty years, is in direct opposition to the trend of engineering development applied to production.

It is impossible to consider the conjoined problems of production and distribution without some consideration of objectives. It is not in accordance with the engineering method to discriminate between the moral values of social forces. It is quite in that tradition to observe these forces, their effects, and how they may be combined to attain a specific objective. It is unfortunate that social objectives do not receive systematic examination, and the executive officials of the industrial, economic and distributive systems are therefore not presented with clearly phrased instructions as to what is required of them.

There is evidence of the existence of at least three objectives in the contemporary economic system. To some extent these are contradictory, and even mutually exclusive. The first is that of the works' manager who endeavours to produce a given article with a minimum of human labour. His explanation of this objective is that he is endeavouring to reduce costs, but for practical purposes the two statements are synonymous. The successful endeavour to fulfil his function as works' manager produces a result which may be expressed by two other parallel statements, equally synonymous from a physical point of view, but having widely different practical effects. The production of a given number of units with the employment of less human labour produces either leisure or unemployment, the difference being that the term leisure is commonly applied to a condition which is not accompanied by lack of money, whereas that of unemployment implies this lack.

The second objective is commonly termed a political objective. The success of the works' manager in achieving leisure is converted into a political problem by rephrasing it as unemployment, and exhibiting it as a national, or even a worldwide, disaster. In this case the presumed objective of the economic system is to provide work, and only incidentally to provide goods as well.

The third objective makes the contemporary economic system an end in itself. The result of the efforts made to realise this objective can be seen in the subordination of all other interests to the maintenance of the system in its recognised form. Well-known examples of what results from the pursuit of this objective are the paradox of poverty amidst plenty, the application of the phrase "a favourable balance of trade" to a state of affairs in which a country gives away more in exports than it receives in imports, and the consequent urge to war.

PLANNING

There would appear to be considerable confusion in relation to the legitimate application of the word "planning" to a general economic activity. The planning conception as applied to output seems urgent and essential. As applied to methods it is probably out of place, in a centralised form. The basic assumptions underlying it in the latter application, which are that all the best methods of achieving any given objective are already known and are uniform irrespective of local conditions, seem to be without any sound justification. No modern planned town has so far excelled the achievements of the Middle Ages, if the advantages placed at the disposal of civilisation by the progress of the industrial arts be taken into consideration, and some radical invention could conceivably make any large-scale industry obsolete. Bureaux of standards for specific materials are obviously desirable, but it is probable that greater freedom from financial restrictions would direct all intelligent incentive to the use of only the best available material.

Rectification of the present unsatisfactory state of affairs does not present any serious technical difficulties, although, because of the immense power of the banking system, it does present political difficulty. It involves the institution of a monetary accounting system which will reflect accurately the contemporary relation between the appreciation and the depreciation of the assets to which it relates. Implicit in this is a definition of objectives. Subsequent to this, it requires some formulation of policy based on a correct presentation of the facts. The realisation of this policy once laid down probably involves nothing further than a distribution of financial purchasing power.

Assuming that the primary objective of the economic system is economic comfort and security, this distribution of purchasing power would be likely to follow three main channels:

- (1) The abolition of taxation (by the financing of Government services out of the National Credit).
- (2) The distribution of a National Dividend, both directly and by a system of compensated prices.
- (3) The allocation of regulated credits for production.

The New Civilisation

By Charles Jones

THE destiny of mankind is unknown. Therein is the very stuff of freedom. Here is a statement, not to be contradicted, which countenances a large hope but does not define it; rather, it gives to hope the boundless contours of a majesty not clouded by vague imaginings or limited by any shape of things to come, but large and pregnant with an undiscovered reality. It stands for a sane faith which can for ever keep pace with the expanding universe.

We cannot tell if there is some divine, far-off event to which the whole creation moves. If there is, it may well be infinitely remote in astronomical time, and such as must abash the countenance of imagination at the crass levels of man's present powers. But a realistic view of the universe and of the vital processes at work in it establishes a single fact which is the key to destiny. That fact is that mankind is free. Freedom connotes simply freedom of choice, and it is possible to choose only one thing at a time.

Man can choose what direction he shall take; he is not bound or fashioned by a rigid ecology, but creates his own environment. The long-drawn evolution of man the creature, of society, and of institutions, is witness to the fact that, alone among living things, the race of men has emerged into freedom.

All action has consequences which are determinable. Action and reaction are constant. So that, although he is not exempt from the repercussions of error, and despite the hiatuses in human knowledge, man is not precluded from free choice by ignorance. He is free to make trial, to profit by experience, to choose what direction he shall follow. He need not wander in a grey or golden mist of expectancy, in which blind faith is merely an abandonment of the compass. He can press on to the goal of his choice, shaping destiny instead of awaiting it.

There is much bewilderment in most modern thinking which arises from non-realistic precepts. The changing face of ideas, so far as it does change, wears an expression of alarm, breaking into strained grins as expedient follows expedient in contorting the lives of men and the current of events to conform to a relentless pattern. The pattern is that of a dead, or dying, civilisation.

The type of civilisation must change. Evolution is a constant response to variable stimuli, and man has himself applied the stimuli which are bursting his institutions. Anything other than free response is conflict. The present attempts to evade free response by shuffling expedients may delay, but it cannot defeat a due consummation, which is indeed the final end of a type of civilisation, and the beginning of a new order.

Anything less than that is an understatement, because we are approaching the end of a historic process. Whatever strands of colour embroider history, the ground fabric since the beginning of recorded time has been a warp and woof of economic struggle, and now the background of struggle of that kind is fraying out. This woven background of crossed threads represents two antagonisms, man the creator against natural environment, and man against man.

The contest with environment has proceeded so far that victory over scarcity conditions is complete, and further development in that direction lies in the endless refinement of scientific and industrial method under conditions of cosmic armistice. Perhaps it is a false figure to describe man's essays against frugality in terms of hostility between himself and nature. But it is certain that he has always regarded himself as wresting his fortunes from sea and soil; he is a toiler, not merely a gatherer. Finally, however, he has eased toil. With the cajoleries of scientific method and applied power he can reap an increase up to the limits of his own choice, and deal with such increase as he will, transforming by manufacture or utilising by novel application wealth which he has won by scientific obedience. This is a tremendous fact.

It is mainly for this reason that the impending critical change is a supersession of the existing civilisation, not merely an extension of it. The reason why civilisation evolved along the lines it did was in order to produce the conditions which now exist, and which provide a jumping-off ground for a new project; for spending power as much as for accumulating it, and in preference to sterilising it. The point at which civilisation now wavers is the peak, or near the peak, of a chosen line of development. It represents the culmination of movement towards material abundance.

Between and throughout those monarchic and martial crises which are the substance of academic history, the steady

policy of mankind as a whole has been to escape the rigours of poverty and toil. This has been done. The historic environment has been transformed. In place of scarcity and uncertainty there is controllable plenty; in place of scarcity there is overwhelming variety of wealth; in place of exacting husbandry there is the toolbox of mechanical invention and the prodigal energy of power plant. Of set purpose man has won economic freedom, which is at once a reversal of the historic environment and the culmination of a policy.

This consummation has not so far eased the parallel struggle for acquisition. The struggle in which man is pitted against man is unabated. Indeed, the contest intensifies and grows more bitter day by day. Yet the struggle for a livelihood, the struggle for markets, the last futile struggle of armed warfare which employs death and destruction as a means to livelihoods, and conquest as a means to markets, are all stagnant anachronisms in the light of the victory already gained. The folly of struggle is more pointed when it is realised that civilisation as we know it simply halts because it cannot squander those gains which men, classes and nations tussle to acquire.

It is obvious, therefore, that if civilisation is to eventuate in renewal instead of suicide, the present crisis merely awaits a decision regarding direction. Mankind is faced with a crucial choice, an obligation laid upon him by the freedom he has achieved. What use will he make of his opportunity? It is ridiculous to contend that any crisis has occurred before in history which is comparable with the present issue. If such a crisis has occurred, it predates any record, and certainly goes back to that remote age when man forsook the forest and walked upright. The freed hands and level eye have produced their utmost, and brought him face to face with another juncture of even greater importance.

The main feature of the choice now confronting the world is plain. It is a choice between realism and idealism. The Renaissance produced the scientific spirit in Europe, and empirical method wedded to an existing ambition eventually pricked men on to a versatility which could not have been envisaged at the time it began. From that intellectual and manipulative versatility was born the power of prosperity. Prosperity is the direct outcome of the inductive type of thinking, but side by side with this has grown a moralistic body of thought which has garbled the straight laws of nature (verifiable through their unvarying instances) with artificial "laws" which are mainly the impositions of privilege upon powerlessness. The ability to administer the moral law implicit in caste-riven society has passed from the priestly class who devised it in early civilisations, and from the military class which assumed it at later phases, and from the autocratic and plutocratic classes who plundered it, to a mean and subtle and very restricted group, operating in super-imperial fields through the instrument of modern coercion—the monetisation of credit. The important aspect of this development is not that it is a concentration of power amounting to world patronage in the hands of a few superior office boys. The important point is that such a concentration imperils freedom to the point of loss, and stultifies the profitable contract made with nature by obedience to her laws.

Through stultification the moralistic basis of the present civilisation is crumpling. Freedom is jeopardised by tying men to a work-for-wealth idealism in place of the realistic distribution of leisure as a machine bonus. Profitable association with nature is rendered sterile by enforced non-participation in increments of wealth not directly due to conversions of raw material by human energy, or linked somehow to work idealism.

The difficulty of maintaining an idealistic order of subsistence-standards, in contradiction of the demonstrable fact of plenty, has led to the super-idealism of State-worship, just as the refusal to admit the fact of possible leisure has led to the extravagant moral idealism of work for work's sake.

State-worship is a political device to ensure the enslavement of people in conformity with planning idealism. Its danger is the accumulating eruptive force of repression. Already there is widespread recognition of the duplicity of political propaganda, but there is also lamentable ignorance of the strategy and identity of the wire-pulling social enemy behind it. The outcome is that the name "politician" has become a term of reproach, and justly so, for acceptance of the status of professional catspaw is a final abandonment of honour. This discredit is due not only to the subservience of political parties to the money power, but equally to the ignorance of politicians of matters of fact. They are, in the main, ignorant of the nature and function of money, and equally ignorant of the purely administrative function of representational government.

The blustering forms of "government" with which nations are afflicted today are products of ignorance. They are only possible by ignorant neglect of the economic forces which are, thrusting relentlessly towards an unacknowledged prosperity. There is no science of economics to reveal this pressure. There is simply a toppling edifice of artificial data, expressing wealth always in terms of debt. This false money-economy, fostered and supported by the world-ring of finance, can be, and is, pitted against the plain observations of common sense. It is an aspect of the triumph of idealistic over realistic thinking.

Similarly, there is no political science. It is absurd to talk of "political science" in connection with a continual and veering response to all the chilly winds of financial coercion, in utter scorn of the will of the body politic. There, however, is the rub. The politician responds to the pressure exerted upon him. The policy of common mankind is implicit in the direction that discovery and invention, organisation and concerted effort generally has taken up to the present. But, being unformulated and unexpressed, this implicit will is hindered and diverted by a control which negatives free choice. Mankind as a whole, and not simply man the politician, has succumbed to tolerated but intolerable institutions which are the vehicles of a perverted idealism, the idealism of financial convention, by which all administrative agencies in the state are suborned. No action whatever can be taken without financial consent, for money, under existing conventions, is the means to all ends. The politician is reduced to a writhing servant of financial expediency, and, being bred and selected and conditioned in an atmosphere of idealistic ideas, has not the force to break from the charmed circle, or the wits to perceive the charlatanry of restraint. Force must be applied to him from another angle, for his real problem is a choice of masters.

It seems that the new, realistic civilisation which is coming to birth simply waits upon the forceful declaration of that common policy which is traceable in historic human effort. The policy exists, and is active as the impulse behind most individual effort. But it has not yet assumed the increment of power due to association. It is the common policy of mankind, but not yet the united policy. To secure unity some clarification of ideas is a first necessity. The realisation most potent as a unifying force is that competition, which is the polite modification of war, is not the major factor behind material progress. It is a weakening factor; opposition of effort tends to equilibrium, not momentum. The drive of society, regarded as a force, derives from association, with division of labour.

It has already been said that the antagonisms which have accompanied the rise of civilisation are twofold, man against nature and man against man. The apparently inimical forces of man and nature are reconciled, and this has been accomplished by a closer association. Man has not exactly conquered nature by obeying her, but in concord with unalterable reality he has profited by the increment of association.

This principle has not been extended to the field of social dynamics. When it is so extended, the new civilisation will be born, and since policy must precede performance, the principle will first be evinced in the form of a unified democratic will, vocal within the limits of policy (that is, in the predication of results wanted) and unyielding in character (that is, equipped with the irresistible sanction of associated demand for such results).

In this crystallisation of the sovereign power of will, the new civilisation will solidify. It will result in the rapid breakdown of conventional oppositions; the party system in politics, the competitive advertising convention in commerce, the whole embittered rigmarole of salesmanship and insurance, the armament race, the fight for livelihoods.

All these antagonisms are the outcome of artificial limitations of opportunity. Association, the antithesis of competition, does not produce minimum opportunity with maximum friction, but itself begets an inevitable increment transcending opportunity.

The party system thus yields to a politics of performance in accord with the popular will for results, and without the heat of interested obstruction. The sole function of administrative government is to ensure that the expert produces the results required by public policy. The increment resides in the concentration of expert ability upon universal welfare as defined in democratic demand. What one man cannot accomplish for himself at any time is accomplished for all men at once, because democracy is itself the highest form of association.

Thus, too, competitive advertising, salesmanship, and insurance yield to scientific distribution. The increment resides in the admission of consumption as an economic function. This statement, perhaps, calls for some enlargement. Whereas man, as an isolated individual economic unit, cannot sustain any claim to consume except by an exchange of labour for sustenance, as a member of an association and an inheritor of the products of past association, he can claim sustenance as a dividend. It is the proliferation of goods consequent upon the invested skill of the race which converts consumption from a contributory interchange to an heritable right and an economic function. The pragmatic right derives from the economy of effort consequent upon the elaboration of the industrial arts, and the economic function from the principle of association itself.

Further, the armament race yields to a purposive exchange of national production, instead of forced exportation for the end of foreign investment, backed up by military power. It has to be remembered that the matching of belligerent strengths, often disguised under the solecism "defence," conceals a voracity for foreign markets which is unavoidable when industry is borne down by debt and the home market crippled by deficiency of purchasing power. The need for

defence, indeed, becomes far more real as economic war intensifies. The increment arising from international association is peace, and the spread-over of natural resources. Perhaps the most valuable contribution of international amity to the new civilisation will be the development of distinctive noncompetitive national cultures, and the interchange of their enriching, specialised products. Freedom is the mother of diversity.

Lastly, the struggle for livelihoods yields to free association to enhance the standard of life. The full increment arising from free association, as compared with enforced participation in projects either wanted or unwanted, is unforeseeable. The new civilisation will doubtless result in a grand revaluation of values. Its characteristic, so far as the individual is concerned, will probably be a profound deepening of interest, the free play of enthusiasms, and an immense cultural leap forward. Few things have impinged upon human nature so as to produce any great effect, but this has been largely due to slavish preoccupation with the economic struggle. Release from that will educe unsuspected powers.

The principle of association, once admitted as the basis of social dynamics, will elaborate to an art of mutual aid, in which for the first time the spiritual powers of mankind will increase with unhindered speed. Association dislodges all grudges, and makes possible the ethic of the Sermon on the Mount.

The test of any political system is the individual it produces. The final fruits of association accrue to the individual, and the destiny of every man's temporal desire is a free, secure life, incited by curiosity, satisfied with growing wisdom, and virile with health. To that end the new civilisation will press on.

The dying order is young only in the extent and vigour of its dominating powers. It is static, if not retrogressive, but its means of defence are formidable, being entrenched in established legalism, in the morality of all orthodoxies, in the conservatism of education, and in the universal system of nepotism in administrative offices of all kinds. It is supported by propagandist organisation which has the monopolistic power of exclusion as well as the hypnotic powers of endless reiteration, and which can unleash the tiger on its own behalf at short notice, and create a maddened or witless horde overnight.

But the spearhead of a new consciousness, the realism from which will spring a civilisation of greater grace and clearer light, finds every chink in this jointed armour.

Man is his own destiny, forever fashioning from his vicissitudes an order of new associations, magnifying his strength, and deepening his insight at every difficult stage. Within the limitations of his knowledge he appoints his own end, and with the desperate urge of life fulfilling its intrinsic mission, he goes toward it. Man alone takes knowledge of his direction. He is not a lumpish dinosaur lazing to extinction. He invites his destiny and encompasses it little by little.

Who can deny that, despite the agonies of this age, the new goal is already envisaged, and forces are marshalled to tread down the centuries of want, and cruelty, and disobedience? The noble shape of things to come is unknown, but the new civilisation of associations, intricate and absorbing, releasing new powers, setting further off a new undreamed-of goal, is almost here.

Each man is locked fast in the precincts of personality. For each one the portent of the new civilisation can only be betokened in the mystical language of the poet, which enunciates those things beyond the frontiers of concrete thought. D. H. Lawrence, who scorned the democracy of boulevards and policemen and blanch-faced victims of the pavements, caught a glimpse of the democracy of freedom:

After that, there will only remain that all men detach themselves and become unique,
that we are all detached, moving in freedom more than the angels,
conditioned only by our own pure single being,
having no laws but the laws of our own being.

To such surpassing and satisfying singleness man may arrive when, by the frictionless interlocking of infinite associations, he is in tune with the universe, and at home among his kind, and compassed about with the friendly presence of his works.

The Perfect Crime

BY THE REV. G. R. ROBERTSON

THE title is borrowed, not from the film, but from a story which appeared in *Chambers's Journal*. On an Indian plantation an Indian disappears without leaving any trace whatsoever. The two white men on the plantation discuss the possibility of a perfect crime, i.e., one where the criminal got completely away with it, leaving no clue of any description. In the story one of the white men disappears as the Indian has done, but finally the other white man solves the mystery by shooting a serpent when it comes to attack himself. Here really there is neither crime nor criminal: the serpent was merely seeking its prey.

Truth is stranger than fiction, and if we are seeking perfection in crime we can easily find a higher standard than this. Someone would need to know about it; it would need to be gross; it would need to deceive greatly; it would need to be a case of deceiving or bribing judges, or governments, or whole peoples. Crime implies the breaking of a law, or of some canon of right, and so, of course, "perfection" of crime is a contradiction in terms. But there have been crimes so enormous, so flagrant, so baffling, so elusive, that one may, in a sense, admire them, and call them magnificent!

A lawyer, having successfully pleaded for his client, addressed him thus: "There, you rogue, I have got you off; you will not grudge me my fee." "No," said the other, "you have done splendidly; I thought I was guilty myself till I heard you speak"! That was not the perfect crime, however, but the perfect advocate—*advocatus diaboli*.

As an example of the well-nigh perfect criminal, perhaps we may cite the case of Miss Madeline Smith, who was put on trial for the murder of her sweetheart some seventy or eighty years ago in Glasgow. At her trial, which was a lengthy one, she appeared day after day, a charming, fascinating woman dressed to kill, and sat through and listened to the evidence with the utmost composure. The case seemed quite conclusive against her, but she had so fascinated the jury that they brought in a verdict of "Not Guilty." I suppose they thought that a thing of such radiant beauty must not perish from the earth. The lady afterwards wrote to the foreman of the jury thanking him and his fellow jurors, *but entirely disagreeing with their verdict!*

Another magnificent criminal was Deacon Brodie of Edinburgh, who sat on the bench during the day as a magistrate and employed himself as an expert burglar at night. This was perfect while it lasted; but Deacon Brodie was hanged in the end.

Perhaps the most amazing single criminal of all time was Benvenuto Cellini, famous sculptor and artist, who wrote his own biography, in which he gloried in the cunning of his murders, cited his visions, and spoke of the heavenly powers which aided him in his exploits!

For sheer audacity it is hard to beat the deliberate attempt of the Jews who tried to bribe the judges of their fellow-countryman, Reb Süss, to acquit him. They brought gold, and more gold, bags of gold, rivers of gold, and piled it up on the floor of the courtroom before the judges!

To come back to Scotland again, we had a notorious case of legal murder, which came near the ideal of perfection we are seeking, the case of James Stewart of Appin. There was a perfectly fair trial. Stewart had an able lawyer to defend him, who tore the case for the prosecution to tatters, and showed quite clearly that there was not a shred of evidence to incriminate his client; and yet a jury of Campbells found him guilty; a most wicked crime under the shelter of the law. But, of course, that is not a unique story. The law condemned Socrates to death; and Pilate, after pronouncing the sentence, "Not Guilty," ordered Jesus of Nazareth to be crucified.

One of the most fascinating of detective stories is Browning's "The Ring and the Book." The same essential facts of a story are told by ten different people, and each one gives his own interpretation. But even here we are not left in doubt that there is a true account of the story. Capponasacchi and Pompilia are two of the finest characters in literature, and we have no hesitation in accepting their account and their interpretation of the facts.

There are many different descriptions and definitions of modern banking, and many different accounts of its value and purpose. They range from the verdict of Philip Snowden, a recent Chancellor of the Exchequer, that the Bank of England is the greatest moral institution in the world, to the verdict of Professor Soddy: "The Banking system is, in

fact, now nothing but a gigantic vested interest in the actual issue of new money by methods which still evade the law, and ruin first creditors and then debtors. By the ordinary canons of commercial morality, there is not a shred of difference between creating money to lend to others for interest and creating it to spend oneself, and now none is recognised either in banking morality.”

Now if Professor Soddy is scientifically accurate, Philip Snowden cannot be. If Professor Soddy and the many others who think like him are right in calling this “creation of credit” a crime, then it is, according to the suggestion of my title, the Perfect Crime, inasmuch as those who are guilty of it not only get off with it, but have persuaded subtle minds like that of Philip Snowden that it is no crime, but a great boon and a blessing to men. Indeed, they have persuaded the bulk of mankind that it is no crime. Perhaps they have persuaded themselves. At any rate they have persuaded the British Government to let them get away with it. They still reap the benefit of being let off, and all mankind suffers the consequences, including the British Government and people. The consequences are dire, but have come upon us so gradually that we fail to notice them. Those of us who think we have recognised them fail to get others to see them; they are so enormous that people simply cannot believe that they have been fooled so long and so grossly. Is it not then the perfect crime?

We believe that this part of the banking business (and it is the source of the banker’s profits and dividends) is precisely equivalent to coining or forging, both of which proceedings are crimes liable to severe penalties. The coiner robs the party from whom he obtains goods in exchange for his false coin or money. If, however, this party does not detect the forgery, but passes it on, it is the next party who is robbed. The crime only becomes obvious when the forgery is detected. Somebody gets the baby to hold. If that somebody happens to be the original forger, he may say “Thank God that false money has come back to me, and I have not been detected.” He may flatter himself that he has wronged nobody, but really he has had the usufruct of what did not really belong to him, until he gave it back in return for the false note he issued. Now that is precisely what banking is and does. Forged money may be useful, and enable a lot of people to earn an honest living till it is nailed to the counter. So may banker’s money. But that is beside the point, which is that the banker, like the forger, has quite an unfair advantage over the rest of the community.

If the creation of new money were recognised and defined and legalised, and the banker’s remuneration was calculated on service rendered, then we might know where we were, and justice might be done. But it is neither recognised officially, nor defined legally, nor is its remuneration fixed by any standard or law. This modern banking transaction is above (or below) law or morality.

This point is so vitally important that we had better give unimpeachable authority for it.

“I assure ministers that if they will make known to us through the appropriate channels what it is they wish us to do in the furtherance of their policies, they will at all times find us as willing with goodwill and loyalty to do what they direct, as though we were under legal compulsion.”—Montagu Norman, quoted in *The Economist* for October 10, 1936.

“We have carefully considered whether our recommendations as to cash reserves to be maintained by the banker should be given statutory effect or whether they should be left to the goodwill of the banks concerned. We think that there are substantial advantages in the traditional procedure of this country by which our banks are not subjected to any special legislation.”—The Macmillan Report.

“The ten-to-one ratio between deposits and cash reserves which English banks have come to regard as a standard of practice . . . is so well recognised that it might easily be thought to have the force of law. In fact, there is no statutory requirement whatsoever on the subject of cash reserves.” — The Midland Bank Monthly Review (May-June, 1937).

It is here that we have to utilise our analytical powers to detect the crime. Two of these statements are from bankers themselves. The third is from the Macmillan Committee, which was supposedly an impartial public body, and it also admits that the banking system is above law. Those who have not studied banking to any extent may need to have it explained to them that the bankers limit the amount of “created” money they venture to loan to about ten times the amount of “cash” they have in hand. Every bank balance sheet shows this ratio. And yet there is no law on the subject. Why? Because the thing is illegal. Hence the term “legal tender.” There we have the crime recognised in our common speech; and yet it is not held to be a crime, i.e., as unlawful, as immoral, as unjust. When is a crime not a crime? When you get away with it! Perhaps we may be able to see why we cannot legislate on the matter. According to the Macmillan Report, “There are substantial advantages . . .” Yes, there are; but to whom? Admitting there are

certain advantages (failing a better system) to the people who use this money, the main advantages accrue to the people who issue the money in the first instance as “loans bearing interest,” and the main disadvantage falls on the whole community, which has a perpetual tribute to pay to the bankers; it is this which gives the banker control over industry, in fact, over the lives and destinies of all men; it is by means of this trick that the bankers are able to convert public assets into debts to themselves.

Until recently it was stoutly maintained by the bankers and the upholders of “sound finance” that they did not coin money, they did not “create credit.” As recently as November 18, 1935, the City Editor of *The Times* wrote: “If the banks could create credit at will, their power would indeed be enormous. The only authority, however, which can create, or has ever truly created money and credit, is the State; exercise of this power by an individual or by a corporation is punishable.” The answer to this had already been given by *The Economist* (May 18, 1935): “Practical bankers have been wont to declare that they serve merely as a ‘cloakroom’ for money, issuing ‘tickets’ in the shape of deposits, only for the money actually deposited with them. Now this position is clearly untenable. The deposits of the clearing banks alone amount to roughly £2,000 millions, and there is not, and never has been, this amount of currency in existence. If the number of cloakroom tickets is found to exceed the number of hats in existence, it is obvious that tickets have been issued in excess of the number of hats deposited.” The writer goes on to argue that a spade is not a spade, and that black is white. A similar argument was used by Mr. Favil Tuke, Chairman of Barclays Bank, in his annual address in January 1936. He also stated the precise amount of new money which the banks created in 1935: “If, as in the case of the London Clearing Banks in 1935, the average holding of cash is raised by nearly £3,500,000 to about £215,500,000 and the ratio to deposits is reduced from 11.27 per cent, to 10.77 per cent, the cash available will support an increase in deposits of approximately £120,000,000. This is what actually took place last year.”

A very interesting letter appeared in *The Economist* of May, 1935, from Mr. Gaitskell, the much quoted critic of Major Douglas, in which he describes that journal’s article of the previous week as containing “some very flimsy arguments and not a little verbal quibbling” (how these “Experts” love one another!), and finished up by saying, “On this money it is true that their profit arises from the difference between the interest they receive on the debts they own and the interest they pay on the debts they owe. It has yet to be shown that they ought to retain this difference.”

The matter stands then, this way: we have all to keep the law and honour our obligations; the banks can invoke the law to compel the fulfilment of our obligations to them, but when it comes to pass (as it inevitably must) that the banks fail to keep their contract, they are “relieved of their obligation.” “They bind heavy burdens and grievous to be borne, and lay them on men’s shoulders; but they themselves will not move them with their finger” (Matt, xxiii. 4). The banking system is thus supreme above law, supreme above Government; it is the Supreme Ruler. A certain newspaper had a leading article on Alberta, which said, *inter alia*, “We could repudiate all our debts and merely call it a Refunding Bill.” With reference to this I wrote, “You are quite right; in fact, *we* could repudiate all our debts; *we* could abolish all the Ten Commandments without consulting anybody. But who are *we*? It is surely not Democracy; is it not Theocracy of sorts?”

That letter was never published. Neither was this one, which is really the same challenge in another form: “Will any Professor of Law, or of Economics, or of Finance, or of Moral Philosophy, or of Divinity, explain on what ground the Bank of England is able to show a profit or to declare a dividend, seeing it has defaulted, and remains in default, on its main contract?”

The Bank Charter Act of 1844 was designed to prevent banks or the Bank from “creating credit,” i.e., from issuing paper money which did not represent real money. Its intended effects are very ably described by Professor Courtney in the article on Banking in the Encyclopaedia Britannica (ninth edition). There are many statements like these: “The Gold in the Issue Department of the Bank was not purchased by the bank and does not belong to it. The bank is its keeper but not its owner. It belongs to the public, or to the holders of bank notes, with and under the express stipulation that on paying the latter into the bank they should receive back their gold. Any interference with these deposits would be an interference with property held in pledge for others, that is, it would be an act precisely of the same kind with that which exposes private bailees to penal servitude.” “Supposing the bank were in difficulties, is it to be allowed to right itself by setting aside the principle of *meum* and *tuum*, and seizing on what belongs to others? The directors would be the first to repudiate such a doctrine, which must be rejected by all men who have any sense of honour or regard for character.”

These words, written more than fifty years ago, are the perfect commentary on the transaction of 1931, commonly known as “going off the Gold Standard.” The words of supreme significance in that transaction are the request of the Bank of England to the British Government: “It is in our opinion expedient in the national interest that we should be relieved of our obligation to sell gold.” The bank does not sell gold; it only accepts gold for safekeeping and returns it

to its owner on demand. When it fails to do so, what has it proved itself to be?

A certain weekly paper quoted as a wise and striking remark, "The entire economic structure of the world is founded upon four words on a Bank of England note, "I Promise To Pay"; I replied: "Will you now inform your readers that the entire economic structure of the world is upon a false foundation, inasmuch as the Bank of England has been relieved of its obligation?"

This letter was, of course, not published, either. Apparently the entire Press as well as the British Government has been suborned to conceal the crime; is it not, therefore, the Perfect Crime?

A Message Mutilated

By W. LEBEL

ROUEN, the historic capital of Normandy, has been aptly described as "La Ville Musée" and such indeed it is to the student intent on retracing the steps of art, history and architecture over the past 500 years or so. There is scarcely a street in the city proper that does not bear witness to the effects produced on architecture by successive social upheavals.

In the Town Hall Square, for instance, two buildings stand side by side, remarkably striking in their dissemblance and contiguity. On the one hand is the magnificent pile of St. Ouen, Rouen's second cathedral, in all its gothic and flamboyant splendour, its tower and pinnacles stretching skywards as if to proclaim the loftiness of architectural art at its zenith. On the other hand, the Town Hall itself, a long, narrow and soulless edifice, born of the industrial age, whose effects invaded the city and adjacent valleys about a century ago.

The coincidence of the industrial revolution and the decadence of architecture as an art is only too evident. With the exception of factory chimneys, and the prosaic arches of railway viaducts, elevated inspiration in building disappeared. It would be erroneous to conclude, however, that the tidal wave of mechanised industry is solely responsible for the collapse of architecture, for there were other influences at work long before the factory implanted itself in the valleys of Western Europe.

If we look back, not 400 years, but a few thousand, we find that mankind has always had a message to convey, and that the choice of vehicle has been singularly consistent all down the ages to about the 16th or 17th centuries. This vehicle was Stone, for if man's message was to reach posterity it had to be indelible and indestructible, defiant alike of the ravages of time, and of the periodical outbursts of human madness. The Hindu temples, the pyramids, ancient Greece and Rome, and the numerous monasteries and cathedrals subsequently scattered all over Western Europe, are the petrified pages which bear this message to our time. The fact that for a thousand years or more this architectural message should find its highest inspiration and expression in ecclesiastical buildings is due to more reasons than one, but there is the outstanding consideration that in those days churches were sanctuaries, both for men and for the expression of their sentiments. Tyrannical censorship was disarmed at a church door, and even if some unscrupulous prince might wish to override the rules of sanctuary, the means at his disposal were puny and ineffective against tower and buttress. It can well be imagined, therefore, that in the minds of all those architects, artists and craftsmen who planned, adorned and constructed the mediaeval cathedrals lay the conviction that the mighty stone pages they were editing were indeed destined to bear their message to the end of time. Written parchment had made its appearance and become widely used as a subsidiary means of recording and transmitting the message, but the fundamental disadvantages were ever present—the fragility of the document, and the ire of the censor. A torch could make short work of the manuscript, and the gallows overshadowed the too-outspoken author. Ecclesiastical stone was as perpetual and safe as parchment was precarious and dangerous.

When we consider the volume and the variety of the message thus transmitted in stone, and still open to our perusal, we find therein definite expression of the predominating ideas of the age. Only one example need be mentioned, the transition from the Roman or Norman style to the Gothic and flamboyant—an astonishing changeover from harsh severity to almost unbridled exuberance. How could this be otherwise when serfdom was receding and mankind was aglow with the newfound freedom of a nascent bourgeoisie? Joy burst upwards in the tracery of spire and pinnacle, and even the arches stretched their half-round backs and pointed in the same direction. The radiating fervour of the culminating renaissance was hailed by the wise as the rising orb of a new and still more resplendent expression of architectural inspiration. In point of fact, however, that brilliant glow was not the dawn but the sunset of an art

already mined in its foundations, and the then invisible power sapping the pillars was the printing press. Very soon an unsuspected ally appeared to hasten the eclipse, in the shape of perfected artillery, and it was not long before thinking men became concerned as to the hitherto uncontested indelibility and indestructibility of the age-long message in stone. Before the disseminating power of the printing press, and the destructive power of artillery, architecture as the sole expression of man's ideals and aspirations rapidly declined, and then the industrial revolution rolled over the land and delivered the fatal blow. What was once invulnerable is now weak, and what was fragile and precarious is now indestructible. Cologne, Rouen and Winchester could be reduced to heaps of shapeless rubble within a few months, under the combined effects of human insanity and high explosive, but who is there so powerful as to boast that he will obliterate the printed works of Shakespeare, Dickens, Goethe, or Balzac?

Thus, architecture, shorn of its splendour and magnificence as an art, and bereft of its age-long role as the stately bearer of man's message, has sunk to the lowest depths of decadence. The printed page has no doubt solved the problem of indelibility and indestructibility, but, while projection into perpetuity may thus be assured, much has been lost in point of beauty and proportion of execution. Moreover, it is to be deplored that much of the matter now flowing day and night from the mechanised press is not only a false interpretation but a deliberate caricature of fact, and the message, having been deprived of its highest form of expression, is now in danger of attaining perpetuity not only mutilated, indeed, but completely misrepresented.

We need another renaissance to liberate art and inspiration from the shackles of a sordid economic servitude. Otherwise the message of this age will go down to eternity as a tale of thwarted effort, stifled expression, and cramped individuality.

Bombshell or Bagatelle?

By Dr. FROTTI, D.F.

Our learned Doctor of Finance appears to be following the regrettable course of modelling his style on "The Times" leader of July 19, entitled "Crisis or Nuisance?"

ONCE again the country is faced with further discussion of what has become by general consent the most boring business ever mooted. Mention of Mr. Pilchard and his privileges is becoming sufficient to set Members of the House yawning politely behind their fingers; how long the thin veneer will wear is another question. Soon they may be excused for snoring in Mr. Pilchard's face.

Mr. Pilchard's allegation—that, while innocently asking for the names of the principal stockholders in the National Debt, he was snatched from his seat in the House by members of the Special Branch—has, of course, been investigated. It was found by the Committee of Enquiry that he was so snatched, and was thereafter kept in solitary confinement for six months in an upper chamber of the Froward Tower. The Froward Tower, it will be recalled, is remarkable for its hospitality to a number of other distinguished residents in the past, notably that Countess of Rumpshire who is credited by popular legend with having refused to lie down after her execution. It is a solidly built Norman edifice, and dates from the 13th century. The instruments of torture were added by Henry VII in 1493, and the private block at a period of domestic stress under the aegis of his Royal Successor; but it is not seriously maintained that Mr. Pilchard came to have more than a bowing acquaintance with either of these.

The grounds given for his detention seem to have been based on the assumption that his question was not in the national interest. It may well be the case that opinion in this matter was sharply divided; though probably the view taken by a preponderating section of the public was, and is, that a Member of Parliament could not be expected adequately to fulfil his responsibilities as the representative of his constituents—who in a democracy like Great Britain are deemed to be sovereign—if the airiest of casual queries were liable to subject him to such vexatious procedure as is claimed to have ensued in the case of Mr. Pilchard.

It was to be expected that the enquiry would not be long drawn out; and this expectation at first seemed reasonable. The Committee issued a statement that in their opinion a breach of good manners had been committed, for which no one was to blame; that Mr. Pilchard certainly ought not to have been incarcerated in the Tower of London, but, as they saw it, the Special Branch of the Secret Service, the Home Secretary and the President of the Board of Trade had acted throughout with motives so pure as to constitute complete extenuation of any improper appreciation of the principles involved. But this matter, trivial and irritating to all not immediately concerned, was not to be left there. A

rebelliously torpid House found itself compelled to plunge still deeper into a kind of protective coma, with the emergence yesterday of further developments. It is not too much to say that this reopening of the case is likely to prove more fatiguing than anything which has gone before.

The new allegations are directed towards the identity of the responsible parties, who it appears are not the Home Secretary and the President of the Board of Trade after all. These two gentlemen are said to have known nothing about the matter until the setting up of the Committee of Enquiry and the consequent summons to attend. The Special Branch had, of course, received its orders through the normal channels, and had merely carried them out, as it would in any case do. But insinuations are being freely made that the President of the Board of Trade had no idea it was Mr. Pilchard he had incarcerated in the Tower; he was given to understand that it was a gentleman from Newlyn who had been smuggling pilchards in contravention to the regulations of the Fish Marketing Board. The Home Secretary on the other hand was under the impression that the complainant had been arrested while drunk and disorderly outside the Horse Guards Parade one night, and immediately released. He was profoundly shocked when he learnt of the injustice done to so old and valued a friend.

It appears odd, perhaps, that these facts were not put before the Committee of Enquiry; possibly it appears even odder that if anything was going to be said about responsible parties, nothing was settled while the committee sat (though this by general consent is accepted as a tiresomely irrelevant addled egg which may even be found to have been laid by a wild mare). Yet, since the findings completely exonerate everybody, whether cited or not, it must be obvious to all that the matter is best left where it now lies; that no good can come of stirring up dogs sleeping in the mud. It is significant that the leaders of all parties are now anxious for the business to die a natural death, so that the House can proceed to the more important work of the session, leaving to the Committee the invidious task of tidying up the odds and ends of the case. But certain individuals have preferred to ignore this general feeling by tabling a motion asking for the fullest possible investigation into the question of authors. They have stated that they will not drop their pressure until the House is in possession of the names and addresses of all those responsible for Mr. Pilchard's arrest.

Surely at this most deplorable stage of a highly regrettable affair it is not improper to point out, in the midst of the flurry and scurry of members and ministers, that a very deep grief, a very widespread sentiment of astonished disappointment, exists in authoritative quarters, that a matter which might so easily have been settled in a jovial way in the bar of the House has been dragged thus portentously and laboriously before the Bar of the House.

Generating the Power

A large number of ordinarily intelligent people have begun to realise that political democracy is a sham if it cannot guarantee a much larger share in the benefits of advancing knowledge and improved technical skill to the average citizen The task of salvaging democracy is a positive one to canalise the will to constructive social innovation

—From “*Education for an Age of Plenty*,” by Lancelot Hogben, F.R.S.

A Study of Money

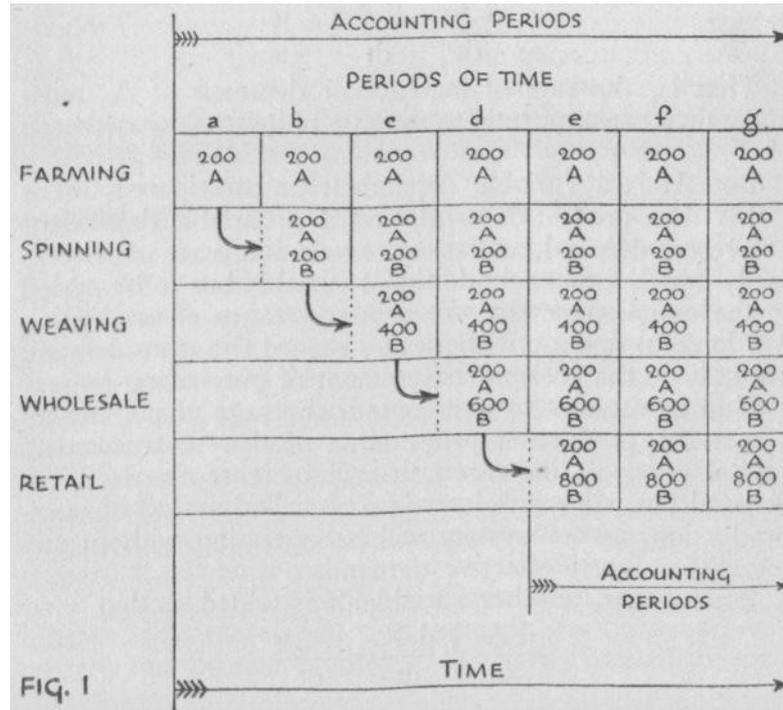
By JOHN V. REID

Note by the Editors.—This article is published without prejudice. Mr. H. R. Purchase and Mr. A. W. Joseph, to whom it was submitted for technical criticism, are both of the opinion that, in certain of its details, the author must stand by his own guns—an illustration, if one is needed, of the divergencies possible on problems of method, so long as these problems are posed in the field of theory rather than evolved from a policy in action with the object of satisfying certain actual and particular conditions present.

THERE seems little reason to doubt the potential capacity of our industrial system to produce an adequate supply of goods. The problem of our age, it is generally agreed, is a problem of distribution, and the solution of this problem

hinges on our ability to provide an adequate money system.

Regarding the contention that the production processes provide the necessary purchasing power to distribute the goods produced, I have included Fig. 1, a diagram called the Adamson diagram, in a pamphlet "The A + B Theorem"



by A. W. Joseph. A in each period represents the labour costs. B in each period represents the material costs, which, of course, are the labour costs of a former period.

If we refer to the period of time "e", we find that during this period the various operations of production distribute in purchasing power five 200 A's, or 1,000, which equals the cost of the goods distributed: 200 A + 800 B, or 1,000.

To put this in the form of the equation $Mv = PT$ (index figures indicating that, for a period of time, money-times its velocity of exchange = price-levels-times the volume of trade, as developed by Professor Fisher in his book, "The Purchasing Power of Money." See Note seven below):

Let $A1 = 5 \times 200 A$ or 1,000, and $T =$ goods distributed -1,000 or the volume of trade distributed by purchasing power A1.

Then $A1 = PT$.

Differentiating with respect to time P (in this case the purchasing power of the monetary unit to remain constant)

$$\frac{d A 1}{d t} = P \frac{d T}{d t}$$

That is, the rate of increase or decrease of A1 must maintain a constant ratio to the rate of increase or decrease of T.

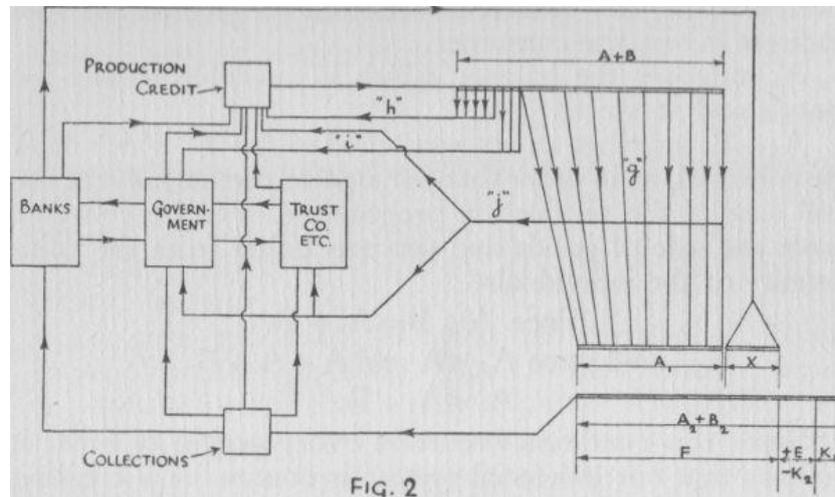
But A1 is a variable dependent on anticipated future rather than present demand, and T a variable dependent on present demand, and as the two demands are not necessarily equal, either an additional variable has to be added to the equation or else the primary stages of production will have to operate without any regard to future demand but only to the present requirement of purchasing power.

If in an attempt to overcome a shortage of purchasing power the production programme of raw materials and capital goods is increased, it will increase the effective demand but will result later in a so-called period of overproduction, as our system will be operating without any regard for future effective demand.

If, however, another variable X is added so that

$$\frac{d A_1}{dt} + \frac{d X}{dt} = \frac{P d T}{dt}$$

where X is purchasing power or credit for consumption from some other source than industry, the required equilibrium can be maintained continuously. So far in our development we have included every period of time, but only to the extent of our special case.



In Fig. 2 we are again considering one period of time but are including all production both of goods and services. “A + B” represents the total production of the period in terms of total cost, which indicates the amount of production-credit flowing. Profits are considered as an item of cost. A + B, the extent of the production programme of a period, is determined by many factors both physical and psychological. But regardless of the extent of the programme, the total credit flowing equals the production programme in terms of total cost for every period of time.

“g” times an amount A represents wages, salaries, dividends, rents and profits flowing out as purchasing power.

“h” represents depreciation charges. This is included in A + B but is not available as purchasing power at this time, as it flows back to the production-credit stream.

“i” indicates the flow of credit to pay interest on fresh issues of credit and includes taxes to pay the fee levied by a private banking system on the Government. (With regard to taxes, these have to be considered as split into two parts: (1) Interest on Government borrowing as above; (2) interest on Government borrowing when it represents the real savings of the individuals of the community, also the payment of goods and services by the community rather than the individuals.)

“j” indicates the flow from “g” directly into production-credit, also into insurance, trust companies, etc., and also the portion of interest on Government borrowings as described in “i,” which is collected as income tax and indirect tax on the consumer.

A1 indicates the balance which is available to pay for goods and services.

A2 + B2 indicates an amount equal to A + B, which must be collected, as in order that our system remain solvent the full cost of the production programme must be collected from the sale of goods and services either from the community or the individuals.

$$\begin{aligned} &\text{Since } A + B = A_2 + B_2 \\ &\text{and since } A_1 < A \text{ and } A < A + B \\ &A_1 < A_2 + B_2 \end{aligned}$$

Since this condition occurs in every period of time, it follows that our industrial system is continuously creating a greater demand for purchasing power than it is supplying purchasing power to meet.

However, other variable factors enter into this set-up, as follows:

- (1) $K_1 = + \text{Exports} - \text{Imports}$.

This amount can be deducted from $A_2 + B_2$.

(2) E goods or services for which payment is deferred, and includes:

(a) National capital goods on which payment is extended over a period of years.

(b) Raw materials or goods in the primary stages of manufacture, also the production of industrial capital goods, as the cost of these is included in the price of the consumption goods. These are delivering purchasing power at the present time, but payment is not due until the manufacturing process, including the sale of the consumption goods, is complete.

(c) Goods sold on deferred payment plan.

(3) K_2 —Deferred payment now due. This includes:

(a) Payment due on national capital goods.

(b) The portion of price covering the cost of the primary stages of production which on the sale of the goods becomes due.

(c) Instalment payments for previous sales now due.

(4) The amount $+ E - K_2$ can also be deducted from $A_2 + B_2$.

(5) $F = (A_2 + B_2) - K_1 - E + K_2$.

These factors may be varied to such a degree as to make for a period of time $A_1 =$ or $> F$. But this can only be maintained for a short time if our system is to remain solvent, and must be followed by a period when $F > A_1$, thus increasing the shortage of purchasing power which already exists. In fact it is efforts to correct the difference between A_1 and $A_2 + B_2$ by means of these factors that are causing the economic pressure of our times, resulting in inflation followed by deflation, poverty in the midst of plenty, and war.

To give examples. During the heyday of British Imperialism, foreign credit created by the enormous export of goods and services was only to a relatively small extent turned into imports, but was invested abroad. In this way K_1 , i.e., $+ \text{Exports} - \text{Imports}$, was kept large enough to keep $F = A_1$. It set a limit, of course, to the amount of consumable goods that could be distributed at home, but so successfully was it operated that it was possible to improve considerably the condition of the workers. The difficulty arose when fifty other nations all attempted to do likewise. The resulting economic pressure inevitably resulted in the events of 1914. At the present time we are attempting to keep $F = A_1$ by a large programme of capital goods, including armaments, which we are only to a small extent paying for at this time. We are succeeding in keeping F approximately equal to A_1 but the condition we are creating for the not very far distant future is not nice to contemplate. Failure to keep $F = A_1$ results in either inflation or deflation. It is quite possible by a large production programme of capital goods and raw materials which do not have to be paid for during this time to make for a period E so great that F is equal or even less than A_1 (if less than A_1 we have inflation). But an attempt to pay these debts in the future will so increase K_2 as to make F not only greater than A_1 but greater than $A_2 + B_2$ as well. During such a period of deflation, which is inevitable under the present system, what will happen to democracy and capitalism?

The obvious solution is to add to A_1 credit X from some other source than industry, so that

$$A_1 + X = F$$

To put this in the form of the equation

$$Mv = Pt$$

Mv of the equation becomes $A_1 + X$, the purchasing power available for goods and services.

T of the equation becomes F , as the total volume of trade has not to be considered, but only that part which has to be paid for during this period of time.

The equation then becomes

$$A_1 + X = PF$$

Differentiating with respect to time, P (the purchasing power of the monetary unit) to remain constant, the equation then becomes

$$\frac{dA_1}{dt} + \frac{dX}{dt} = \frac{P}{dt} \frac{dF}{dt}$$

indicating a uniform price level.

Of the various proposals made for adding additional purchasing power, the Douglas proposals of issuing this additional purchasing power as a retail price discount seem the best, as this method would prevent credit issued as purchasing power from flowing back into the investment streams, which no doubt would happen if this additional credit were added by buying Government bonds or reducing taxes. Various methods have been suggested of arriving at the amount of additional purchasing power required. One method is to use a price index and add purchasing power as required to maintain a uniform price level. The Douglas proposal arrives at the figure by analysing production for a period.

I am submitting the following alternative method of arriving at an approximate value for this X of our equation by working from the collection end and constructing approximate values for A1 and F.

The following information will have to be provided for a period of time:

K₃—Cash sales including the portion of tax for public services.

K₄—Debts collected (for consumer goods and services).

K₅—Accounts receivable, now past due and unpaid (for consumer goods and services).

K₆—Consumption goods available, for which there is a potential demand.

K₇—Consumption goods sold on deferred payment plan.

K₈ = + Exports — Imports of consumption goods.

$$F = K_6 + K_5 + K_4 - K_7 - K_8$$

$$A_1 = K_3 + K_4$$

$$X = F - A_1 = K_6 + K_5 + K_4 - K_7 - K_8 - K_3 - K_4$$

$$\text{Price discount } \frac{F - A_1}{F} = \frac{K_6 + K_5 + K_4 - K_7 - K_8 - K_3 - K_4}{K_6 + K_5 + K_4 - K_7 - K_8}$$

This discount indicates the part of retail price which must be taken care of by a fresh issue of credit.

If machinery is set up for the distribution of this discount similar to the machinery now existing for sales tax, the weekly or monthly claims made on the Government for this discount could very easily include the data necessary to obtain K₃, K₄, also K₇, as the discount would apply on down payment, not on the balance due until paid, and both amounts could be shown. Thus the only additional information required to compute the discount in quarterly periods would be K₅, K₆ and K₈.

To compute K₆ consumption goods produced during this period would have to be given, and K₆ would equal K₆ of the previous period — K₃ — K₇ plus these additional consumption goods produced (K₃ in this case to be less tax for public service).

ADDITIONAL NOTES

1. Under the present financial set-up, with the control of credit in the hands of a private monopoly, the proposed solution is impossible. Only with the Government in control of credit can it be operated. Professor Fisher's book, "100 per cent. Money," indicates the necessary changes to be made in our banking system so that only a department of the Government will have the power to create additional credit, that is, issue additional "Bank Deposit" money. The only addition the above requires is that new credit shall continuously flow into the system, the X of our equation.

2. It has been proposed that the elimination of interest on Government borrowing would correct the trouble. It would help, but the heaviest drain on purchasing power is investments, that is, thrift, and as thrift and the stream represented by “h” are necessary if our present industrial set-up is to continue, the only solution lies in a compensating factor, as X.

3. Any disturbance in bonds or industrial stocks which might result in increasing A1 would, by increasing A1, reduce the price discount rate.

4. Any purchasing power issued directly to individuals as Douglas Social Credit dividends would, of course, reduce X by that amount.

5. A portion of collections as shown on the diagram would flow to cancel production loans. The balance would flow into the production credit stream again, either directly or via Government treasuries or trust companies.

6. The interest on Government borrowing, as “i”, or what may be more properly described as the fee charged the nation by a private banking system for fresh issues of credit, would disappear under 100 per cent of nationalised money. On the other hand, with regard to loans which represent the temporary transfer of the right to use real wealth, the interest in this case can be classified as rent and grouped with wages, salaries, dividends, profits and rents.

7. With regard to the equation

$$Mv = Pt$$

$$*or Mv + M^1 V^1 = E p g$$

Mv indicates the amount of credit flowing, but is determined by the production programme of the period. A1 at present, or A1 + X as developed then, is the product of Mv or Mv + M¹ V¹ which is available for goods and services during any period of time. But it is not necessary to determine the value of V; only the value of X must be known.

$$*Mv + M^1 V^1 = E p g.$$

For a period of time “pocket book” money times its velocity of exchange plus “bank deposit” money times its velocity of exchange equals the sum of the quantities of each class of goods distributed, each quantity times its weighted average price.

In the equation

$$\frac{d A1}{dt} + \frac{d X}{dt} = \frac{P d F}{dt}$$

P is a constant for the true value of X.

But for an approximate value of X, P will be a variable and differentiating P F will become $\frac{P d F}{dt} + \frac{F d P}{dt}$

However in the manner suggested above, accompanied as a check by a retail price index, a close approximation of X should be possible. The nearer this approximation is to the true value of X the nearer P is to a constant.

Furthermore, as Professor Soddy points out, quite a large error is necessary to change the purchasing power of the dollar over 1 per cent.

P, of course, is retained in the equation even though F is in terms of total cost in money, because the purchasing power of the dollar may vary from one period to another.

8. The advantage of such a financial set-up would be to allow the management of industry, in planning their production programmes, to plan not as now according to the available purchasing power, but according to the needs of the individual of the nation, being assured that the required purchasing power will be there. In other words, wherever there is a potential demand, this method of distributing credit makes it an effective demand whenever the supply is available. That is, the amount of purchasing power available becomes a variable dependent at all times upon the supply of goods and services available for which there is a potential demand.

(9) The above is, of course, a system of economic nationalism designed to operate within the framework of democracy and a capitalist economy, meaning by a capitalist economy “an economy based on private enterprise, open markets and prices fixed by supply and demand.” It will have to be protected by giving to a department of the Government control of the buying and selling of foreign credit. The purpose of exports will be to maintain the

necessary foreign credit to pay for imports, as it will no longer be necessary to attempt to maintain the required equilibrium as indicated by the equation $\frac{dA}{dt} = \frac{PdF}{dt}$

by maintaining an excess of exports over imports.

The Guernsey Market House Scheme

By D. M. SHERWOOD

THE financial experiment known as the Guernsey Market House Scheme was started over 100 years ago and, although of modest proportions, since it was confined to a small island of 25 square miles, it contained so many fundamental principles that everybody should know of it.

At the beginning of the nineteenth century, as a result of the Napoleonic wars, the trade of Guernsey was practically extinguished and the people were in despair. Unemployment was rife, the sea defences were breaking down, there were practically no roads, public buildings were in disrepair and, above all, a new market house, where the islanders could exchange their produce, was urgently needed.

It was impossible for the Government to finance these necessary improvements out of revenue, as this only amounted to £3,000 yearly, all of which was required for ordinary expenses and the interest charges on the island's debt of £19,000. Nor could the necessary finance be obtained by borrowing; the Government sought indeed to raise a loan, but such was the poor state of the island's assets that the only would-be lenders demanded the prohibitive rate of 17 per cent, per annum.

“Necessity is the mother of invention”; and in this case the idea put forward that the State should issue its own money daily gained ground. It was argued that, as labour and materials were both available, it was absurd for improvements to be held up simply through lack of money, and as conditions became even worse, this plan served to provide the only solution. Finally, after various setbacks and considerable opposition, the adherents of State money carried the day and, in 1816, 4,000 notes of £1 each were printed by the Government and paid out for the most urgent repairs.

By the success of this issue the principle was established and during the next 20 years the Government authorised notes to the extent of £80,000, which were utilised in building the new Market House, schools in every parish, roads all over the island, St. Elizabeth's Cottage, etc. These Government notes were redeemed as the economic circumstances of the island justified, from earnings derived from the collection of market rents, customs duties, etc., and in 1836, when the scheme ended, there was a balance outstanding of £55,000 Government notes.

OPPOSITION

It is sad to relate that in spite of its eminent success this experiment was deliberately brought to an end. Although, after the first issue of the notes, there had been little active opposition to it in Guernsey itself, there were two outside bodies violently opposed to it. First, the inhabitants of the neighbouring island of Jersey became so jealous of Guernsey's prosperity that, in 1819, they obtained from Westminster an Order in Privy Council to the effect that the Government of Guernsey should not in any year exceed the amount of its annual income without Royal Consent. The Guernsey Government, however, took no notice of this and continued issuing notes as and when required. *

*It would be interesting to know by whose advice Jersey was induced to appeal to the Privy Council.

A few years later, however, opposition came from another quarter, the banking community in England. Although there had been no bank in Guernsey since 1810, there is reason to believe that the English bankers were becoming more and more apprehensive as the success of the Guernsey State money became more widely known.

BANKS INTERVENE

It was in 1827 that a bank was established in the island and started issuing notes, which circulated side by side with those of the State. Two years later the directors of this bank complained to Westminster that the Government, by issuing its own notes, had exceeded its powers as defined by the Privy Council some ten years earlier. The Privy

Council wrote to the Guernsey Government for an explanation, and such a logical and determined reply was sent that no further action was taken at that time.

In 1835 a second bank was started and more bank notes were issued to an extent to produce inflation, and by 1836 there was something akin to panic in the island. The Guernsey Parliament met and hurriedly appointed a Committee to discuss, with the bankers, the steps necessary to control the position. The members of this Committee were not all fully sympathetic to the issue of Government notes and the bankers won the day, for an agreement was reached whereby the Government was to convert £15,000 of their notes into a bank loan at 3 per cent interest, and to cease issuing further notes, whilst, on the other hand, no limit was placed on the issue of notes by the banks.

This was the end of what was commonly known as the Market House scheme, the balance of the original Government notes, amounting to £40,000, being still outstanding today. Although since 1914 the Guernsey Government has again issued its own notes, these are now always covered by the Government deposits with the banks, and as today Guernsey currency is linked with sterling, these notes are issued or withdrawn in conformity with orthodox principles.

“SOUND” FINANCE HAD FAILED

In considering the Market House experiment the following points should be borne in mind.

Orthodox finance could do nothing to get the people out of the depression caused by the Napoleonic wars. The Government could not obtain the necessary funds, either by taxation or by borrowing, and provided that labour and materials were available, as they were, there was nothing to prevent the Government issuing its own money. This it did, with the result that the appearance of the island changed out of all recognition. From its backward and depressed state it became, within 20 years, renowned for its well-being.

Moreover, by issuing State money, this transformation was carried out without increasing the island's national debt and without incurring interest charges. In fact if interest had been payable on the capital sums for these improvements, they could not possibly have been carried out. *It is interesting to note that up to 1914 the Government of Guernsey had collected in taxes over £35,000 to pay the interest on the £15,000 of State notes which were converted into a bank loan by the agreement of 1836.*

THE BOGEY OF INFLATION

The opponents of State issuance of money can usually be relied upon to raise the bogey of inflation. It must be remembered that inflation depends on the amount of money issued relative to the goods for sale, and does not depend on who issues the money. In the case of Guernsey, when the State first issued money, if it had been inflation there would have been either a shortage of commodities or else a rise in prices, and there is no record of either of these until 1836. Up to that year the Government had gradually and continuously increased the note issue, and it is reasonable to suppose that the net increase of money approximately corresponded with the island's increasing productivity. In that year, however, the banks deliberately brought about inflation, flooding the island with notes, with the inevitable result that, as there was no corresponding increase in goods for sale, prices began to rise and a panic ensued.

Let us compare the conditions of Guernsey and its need a century ago, with the condition and need of England today. When we hear arguments against slum clearance, against building new schools or hospitals or providing better roads, or even against providing everybody with a sufficient income to keep themselves decently, on the grounds that we have not the money, if we remember the Guernsey Market House experiment, we realise how specious such arguments are.

Through a glass, darkly

LET us give up the following of ghosts,
Dream fancies born of words,
Devils and bogeys of our childish minds;
'Tis time they were outgrown.
Let us give over beating of the air
With vain, wild, foolish blows,
Thinking we fight with trolls,
Powers, spirits, principalities,
Bruising our knuckles on the harmless trees,
Breaking our heads against the real things
Which happen to be there.

So Quixote set his lance against a giant
And fleshed it in a solid windmill's vane;
Still in sad Spain the Quixote of today
Fires his machine-gun at the ogre Fascism,
And hits—alas! no lifeless mill,
But some poor living flesh—a draper's son,
Running with bayonet fixed to spit withal
The devil Communism.

So when we tear the mask
Of seeming sanity and commonsense
From him who rules the lives of other men,
We see a face of idiot terrors
Battling with bogeys in a gloom
Of wordy spooks and things which never were.

“Aha!” he gibbers like a maniac,
“We starve from too much plenty, let us burn,
Limit, restrict, destroy,
So we can fill our bellies.
Let us make instruments of death
To earn the breath of life!
Alas, my man! you live in daily want!
It is a pity, but you understand
First Industry and Trade must be our care,
Employment must be well attended to.

The State, the Pound, the Markets must be fed,
The Index Figures and the Export Surplus,
And then, we hope, there may be found some crumbs
From these Important Persons' dinner table,
Which you may scramble for!”

O sweet realities which keep us sane!
O lovely solid earth! O yellow Sun!
Green leaves, green plenty for our sustenance,
Bright blossoms, heavy fruits, broad acres
Surging with lively grain—
White sheep, brown cattle, sucking the grassy breasts
Of Mother Earth

For our delight and satisfaction,
Treasure of coal and oil and rushing water,
Power for our hands and leisure for our living!
O land of milk and honey—real world
More lovely than a dream,
More sweet than any fantasy of man,
Any far city of the mind—Utopia,
Or pearly-gated Heaven in the sky!

Here—now, we walk in Heaven and are lost
Following a map of Hell;

Until we learn
There's no Reality, but things which are,
No Poverty, but only people poor,
There's no Starvation, only empty mouths,
No Freedom, only people to be freed,
No Power to break their bondage but themselves.

GEOFFREY DOBBS

“Stellenberg”

I LIE among the arums cold; above my head the gnats
Dance in the rays of slanting light like specks of burnished gold;
My hillside holds the sun, but mist is rising from the Flats.
I lie among the arums cold,
And watch the cows go slowly past, and dream of days of old
When down this road (the oaks were young) Malays in plaited hats
Went by in groups, their wives in silks that rustled, fold on fold.
The days of Van der Stel — when wines filled full the fragrant vats—
Seem but as yesterday, as seem the days when slaves were sold.
The Mountain darkened then as now, the stars came, and the bats . . .
I lie among the arums cold.

B. W. KITCHING

A Poet's Spring

IT is not when the meadows blaze
With buttercup and clover;
In June earth's trim is far too vain
To brim his heart right over.

It is not when July is fired
With swallows and their twitter;
Too languorous are summer days,
Bewildering is their glitter.

A poet needs a lustier mood,
When ripened fruit is glowing—
Lanes that are riotous with rains,
Wet trees, and windy going.

A poet's Spring is Autumn's fall,
When winds are aery sprinters
Whose music shakes his flowering tree
With rapture pure as Winter's.

HERBERT BLUEN

The Red Light

“Famine in England.” By Viscount Lympington (Witherby, 7s. 6d.).

IT has for centuries been taken almost as axiomatic by thoughtful statesmen and others that, when a country’s agricultural position is allowed to degenerate, the position of that country as a whole becomes precarious, and, if allowed to continue, will end in the nation’s collapse or disintegration.

The author of this book very rightly calls urgent attention to the disastrous agricultural situation in Great Britain today. He shows how our increasing dependence upon imports from abroad for our vital needs in the way of agricultural produce necessitates an increasing proportion of our armed sea and air forces to protect our lines of communication, particularly in the event of war; and he also points with equal urgency to the danger of our having in this country virtually no reserves of food for man and beast for more than a very few short weeks. He shows how the impoverishment of our agricultural land reacts upon livestock and upon humans by its devitalising effect upon the food which is grown upon it, and hence leads to loss of stamina and of resistance to disease among those (humans and animals) who subsist upon it.

Lord Lympington’s book is one which, in my opinion, should be studied by everyone—particularly by the 97 per cent of our population who are not engaged in agriculture, and who probably have but little conception of the seriousness of the situation. “There is no safety in war if we cannot feed our people or assure food supplies. There is no safety from war if we cannot fill our bellies and, therefore, we have no independence.” Thus writes Lord Lympington (p. 207) in his closing chapter. One’s mind turns at this point to the sinister thought that it is probably the definite intention of International Finance that we *should* have “no independence” — either physically or otherwise.

His book is a most damning indictment—mostly unconsciously so, I think—of our present financial system. But, in reading the book it should be remembered that he is looking through the eyes of the agricultural expert, and through these eyes he sees—apparently only in part—the result of the ruthless stranglehold of “sound” finance. He sees, and rightly calls public attention to, that part which affects agriculture and threatens the nation’s food supplies now and in the future. For instance (pp. 59-60): “That we suffer from a financial veto (regardless of democracy) in this matter (i.e., he refers here to the creation of grain storage plants in this country) seems clear when we consider the gold reserve.” . . . “It is not used for commercial purposes, but simply to satisfy the financial system that by keeping gold without real uses we make the financial system of paper real. It might as well have stayed in the ground unmined for all the good it does us. But if we exchange some of this gold for edible assets, such as a food reserve, it is considered bad business.” But he does not mention that, under this same financial system, if we exchanged the gold for edible assets, the individuals who collectively are called “the public” would still be unable to obtain access to those assets—or, if they could, that it would not be upon terms of their own choosing.

In his chapter dealing with what should now be done to rehabilitate our most vital asset, the fertility and “good heart” of our agricultural land, he writes with the sound common sense of the experienced British farmer, and advocates methods with which all will agree whose hearts are really in the cultivation of the soil rather than merely in the financial profit they hope to get out of it.

But he states the crux of the matter in a single sentence (p. 161): “A general increase of 15 per cent in wholesale prices for the home farmers would be quite sufficient to see good farming return and good land made.” Quite so; then all these methods of good farming which he mentions would in all probability return automatically. He does not, however, suggest how this 15 per cent subsidy on agricultural produce is to be—or even that it should be—paid to farmers without taking it away from somebody else, either by taxation or by higher consumer prices. Even if it is unintentional, he is wise in this omission, for, if the parliamentary voter once realises the significance of the disastrous effects which Lord Lympington shows as being already existent, he will demand, for his own sake, that farming experts he financially permitted to put agriculture upon a sound footing by such financial assistance as shall not entail loss to any other section of the community.

The value of this book, in my opinion, is to be measured by the dangerous state of affairs it exposes; for the first necessity for those who would practise democracy is that they should realise existing physical facts. Some of the most serious of these facts are very clearly pointed out in this book. It remains, however, for others to lay emphasis upon who and what is responsible for the maintenance of conditions which nobody but an extra-national banker can possibly desire, and upon how conditions which are desired can be achieved instead by individuals associating together in democratic action.

TANKERVILLE

The Ethiop His Skin

“New Money for New Men.” By S. S. Metz (Macmillan, 8s. 6d.).

THIS is emphatically a book to be read by all credit reformers, and especially by Social Crediters, much as they may be antagonised by the author's uncompromising attitude to unemployment, and by his passing reference to the gratuitous creation of purchasing power as a facile expedient which in the last analysis is but an ingenious form of self-deception.

The book is divided into three sections. The first is a lucid description of our money and banking systems, written by a practical banker who knows his subject intimately and is under no illusions with regard to the creation and cancellation of both credit and currency.

The second section, “Where the Money Goes,” is equally illuminating. An excellent chart (not the only one) illustrating the various movements of money, bears out the statement that “the circulation of money, so far from being a perfect circuitous flow, is tapped and drained at every twist and turn.” Profits, interest, reserves, saving, investment, insurance, etc., are dealt with at length, and the section concludes with three chapters on Foreign Trade, Foreign Lending and Foreign Exchange that will repay careful study.

The third section puts forward drastic and far-reaching proposals for the establishment of the “New Order” of things which the author commends especially to “New Men” of the Christian faith; though why he should expect either more idealism or more financial acumen from these than from secularists or members of other religions is not apparent.

The proposals provide that gold shall be entirely divorced from the credit structure, and used solely for international payments. The Bank of England will be simply the bankers' bank, the note-issuing bank and the keeper of the Government accounts. It will not lend to the Government, but will provide the trading banks with adequate reserves.

There will be a Gold Settlement Fund, administered by a Foreign Exchange Board, to which the gold and foreign exchange in the present Exchange Equalisation Fund will be transferred. The fund will provide for international trade settlements in cases where the carefully planned exchange of balanced imports and exports is temporarily upset.

There will be a National Investment Trust, to which idle deposits and all surplus income, whether of individuals or of trading concerns, will be diverted. The trust will control all future investment and will be the source for all Government borrowing.

In addition to these, the formation of such bodies as The National Estates, the Central Board of Trade Associations, the Economic Council and the Central Board of Enterprise, with their subsidiaries, indicate that the New Order is likely to be a paradise for “planners.” But the somewhat extensive planning is carefully worked out, and is probably the minimum necessary for an economy based upon “producer” credit, in which technologically displaced workers are to be promptly absorbed by industrial expansion.

Readers of this journal will be particularly interested in the analysis of the causes of trade depressions. The author evidently refers to peace conditions when he states that “full employment of our national productive forces has never been reached before the banking system has found itself at the end of its tether. In other words, the time comes when, in relation to reserves held the (trading) banking system has attained the maximum of liabilities it can assume.”

Then, unless the Bank of England increases the reserves of the trading banks sufficiently, these must obtain the funds for further trade accommodation by the sale of securities, thus forcing up the rate of interest generally, and discouraging further borrowing. The downward course of the vicious spiral then sets in. Surplus income of individuals and reserve funds of industrial undertakings are either held as idle deposits or circulated against existing capital assets, instead of being invested in new production, capital or otherwise, and so restored to circulation amongst commodities.

The author is simply concerned to see that money placed to reserves or left on deposit is promptly put back into circulation amongst goods and services by investment. He takes it for granted such procedure will be self-liquidating. He is completely unaware that the process of investment increases the ratio of costs to income to the full extent that it is used as working capital for the concerns in which the money is invested. And the rate of expansion of physical capital necessitated by the process does not daunt him; it will provide employment.

All the funds controlled by the National Investment Trust have their origin in savings, personal or industrial. The primary function of the trading banks will be the provision of short-term self-liquidating (so-called) credit for genuine industrial purposes; no lending for speculative purposes will be permitted.

Under these conditions the ever widening “gap” between costs and incomes, revealed by the New Economic acid-test, cannot be filled, and it would appear that the New Order, based upon savings and short term bank credit, must ultimately collapse.

The book is perhaps chiefly interesting for the light it throws upon the mind of the banker. Mr. Metz is a banker with advanced views, determined that the banking system shall serve the community—not vice versa; but he cannot contemplate the creation of credit which is not “balanced” by debt.

To thinkers not obsessed by double-entry book-keeping, the conventional banking system, in which assets and liabilities must always balance exactly, must appear quite unsuitable as a financial representation of the physical system—the world of realities in which, thanks to scientific achievement, assets continually outstrip liabilities in any physical sense, and “real credit” continually increases. But a banker can no more visualise a credit deposit (money) balanced by a physical asset than the old wooden shipbuilders could envisage the seaworthiness of iron ships.

Nevertheless, one closes the book full of sympathy with a brave attempt to throw off the trammels of a lifetime spent in the banking tradition.

A. W. Coleman

Leisure and the Means To Enjoy It

“The Problem of Leisure.” By Henry Durant, B.Sc., Econ. (Routledge, 10s. 6d.).

OF all the incidental topics on which attention becomes focussed with the spread of the Social Credit idea, that of leisure occupies a very prominent position. It is therefore most significant that at a time when the energies of economists and statesmen throughout the world are directed towards the objective of providing work for all—otherwise known as “solving the unemployment problem”—it should be considered a commercial proposition to write and publish a book entitled “The Problem of Leisure.” Such a happening can only indicate the admission of a latent conviction that the objective is bound to fail, and that the spread of power-driven machinery is bound—eventually—to free more and more people from the necessity of toil.

In many respects, particularly in its constructive proposals which merit no comment, Mr. Durant’s book is disappointing. As an analysis of the nature of the problem within the confines of the present economic set-up, it is admirable; but it never contemplates the possibility of a reformed economic set-up, and it is highly probable that a reformed economic set-up—in realising leisure together with the means to enjoy it—would itself abolish the problem.

As an instance of this, on page 4 we read, “The enjoyment of leisure is dependent on positive conditions, above all on social status and the possession of the means to participate in the activities and pursuits which are available.” Yet nowhere do we read that in an age of plenty the “possession of the means” could be and should be made available to all. Instead, on page 260, we are treated to the confusion that wealth and the means of purchasing wealth co-exist. “Paradoxical as it may seem, when necessities are being supplied by machinery, a large number of men might experience the joys of creative work by turning to handicrafts for their living. And this will be possible because the abundance of wealth will allow employment in ways which, whilst eminently satisfactory, are not the most productive.”

On the other hand, there are many respects in which the volume is admirable and valuable. Thus it recognises, with a wealth of statistics, that for the vast majority of the people the daily toil, with its long hours, inadequate pay and monotonous repetition, tends to atrophy the intellect and destroy the soul. It recognises that the dominating urge of this vast majority, during its freedom from toil, is to seek forgetfulness and escape; and it recognises that this urge is known to and largely exploited by a section of the community for its own profit via the cinema, sport, betting pools, etc., or for charity, as with youth organisations, open-air recreations and so forth.

In dealing with the cinema industry, its growth, the type of people who constitute an audience, the type of films shown, the emphasis given to the gospel that each man is master of his own fortune (the fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings), attention is drawn to the dominating influence of the financier,

who must at all costs prevent the masses from seeking alleviation of their conditions.

“Their (the producers’) hands are not free. They must strive after realism, but they must not be too realistic. Anything savouring of politics is not allowed to appear in the films.” . . . “He must carry out the general orders which are periodically issued by the financiers of Wall Street, who finally control the cinema industry.”

But I think Mr. Durant’s most valuable offering is an adequate rejoinder to the well-known critic who is terrified of the consequences of leisure for “the other fellow.” “On the holiday given at Manchester in celebration of Her Majesty’s marriage, extensive arrangements were made for holding a Chartist meeting, and for getting up what was called a demonstration of the working classes, which greatly alarmed the municipal magistrates. Sir Charles Shaw, the Chief Commissioner of Police, induced the Mayor to get the botanical gardens, zoological gardens and museum of the town, and other institutions thrown open to the working classes at the hour they were urgently invited to attend the Chartist meeting. The Mayor undertook to be personally answerable for any damage that occurred in throwing open the gardens and institutions to the classes who had never before entered them. The effect was that not more than two or three hundred people attended the political meeting, which entirely failed, and scarcely five shillings worth of damage was done in the gardens or in the public institutions by the workpeople, who were highly pleased. A further effect produced was that the charges before the police for drunkenness and riot were on that day less than the average of cases on ordinary days.”

F. G. FEATHER

Man versus Communism

“Communism and Man.” By F. J. Sheed (Sheed and Ward, 5s. net).

THE psychologist who is looking for unconscious complexes and inhibitions may be led to suspect that the title of this book is an indication of the order of precedence that exists in the author’s mind, without his being conscious of it. In fact, however, it is far from being the inversion of what most of us take to be the natural order of precedence, for he explains in no uncertain terms that man is ultimate but societies are not.

A right judgment of communism, as of any economic, social, political or other doctrine or system, can be reached only by closely examining the underlying principles on which it is built. An estimate of the value of an edifice by merely surveying its superstructure must be superficial and may be misleading; the foundation on which it is raised must be probed to its lowest depth. Hence it is unsatisfactory to judge communism solely by the “success” or “failure” of the Russian experiment up to this time.

Mr. Sheed has written a book in which the foundation is critically examined. The book is divided into four parts. Part I is mainly expository, containing an explanation of Hegel’s dialectic as a necessary step to an understanding of the dialectical materialism of Marx. This is perhaps the best popular exposition in English of the contrary dialectics of Hegel and Marx. He then proceeds to explain three of the most essential elements of the system of Marx, showing their inter-relation; they are (1) his materialism, (2) the materialist interpretation of history, and (3) the dialectical theory of the class war, culminating in the classless society. This section concludes with two chapters devoted to criticism.

Part II examines the essential nature of man—as a rational animal, a social animal and the creature of God. “Only in the recognition that the nature of man is given by God Himself and that the rights of man are of God’s will is there any principle by which either the governors shall check their desire to subdue the individual or the individual himself can find a ground, rationally seen as such by himself, on which he not only may take a stand against that which would subdue him but must if he is to save his dignity as a human person” (p. 151).

Part III examines the bearing of atheistic communism on sociology. It is shown that if the materialist philosophy is right, man is nothing more than an animal among other animals and, therefore, there is no reason to treat him as anything else. If man is more than mere animal, he and communism must be opposed. It is only by accepting the fatherhood of God and, therefore, the brotherhood of man, that the value of man and the equality of all men can be rationally maintained. Those who are concerned with the question of democracy will find suggestive passages, e.g., “Freedom is the recognition of what is, and for man means the power to be fully and completely himself. Whatever hinders a man from the fullest expression of what is properly his nature is an interference with his freedom” (p. 151).

Part IV, on the Remaking of Society, will be unsatisfying to the readers of this journal. They would wish that the

author were a little more realistic. After defining a living wage he writes, "To pay the workman less than a living wage, as it has been defined, is stealing." He could have added that to withhold a share of the social-inheritance from the worker and the non-worker alike is misappropriation, unless, of course, the principle of inheritance in general is indefensible. That the vast technical progress resulting in stupendous wealth, both actual and potential, necessitates the enunciation of new principles of social philosophy has not been appreciated by the author. However, there is a strong indictment of modern finance and capitalism, but while the spiritual causes of our troubles are rightly recognised, the real economic causes are not clearly understood.

That a discussion of communism often produces an electric discharge from its advocates is true enough. That communism has certain marks of a religion and as such elicits the passionate devotion of men may be accepted. But when Mr. Sheed says, in the introduction, that it could not be so, if communism were merely an economic system, some will have good reason to disagree. Let him denounce modern financial institutions or attack the fundamental principles of Stock Exchange operations, and find out for himself how much electricity can be generated from those who have a personal and profitable interest in them.

Many dynamic changes in society have been brought about by the capacity of a few to influence the passions of the masses. But there have been, throughout history, sections of society that could not be influenced by anything so well as by an appeal to their intellectual and rational faculties. Even in the modern world in which most people have fled from reason, there are fortunately some who have not abandoned reason. To them this book may be of particular appeal. Mr. Sheed examines his subject in excellently calm temper, with no trace of prejudice. He is sympathetic towards those who turn to communism, because he knows why. The style is delightfully simple and direct. The mental pabulum that is offered should be tasted.

F. M. ANGELO

SELECTED BOOKS

FOR THE STUDENT

By Major C. H. Douglas

The Alberta Experiment
Economic Democracy (4th Edition, 1934)
Credit Power and Democracy (4th Edition, 1934)
Social Credit (3rd Edition, 1933)
The Control and Distribution of Production (2nd edition, 1934)
Warning Democracy (2nd Edition, 1934)
The Monopoly of Credit (2nd Edition, 1937)
These Present Discontents: The Labour Party and Social Credit
The Nature of Democracy ("The Buxton Speech")
The Tragedy of Human Effort ("The Liverpool Speech")
The Use of Money ("The Christchurch Speech")
Money and the Price System ("The Oslo Speech")
The Approach to Reality ("The Westminster Speech")
Social Credit Principles

By Other Writers

The Meaning of Social Credit, by Maurice Colbourne
Money in Industry, by M. Gordon Cumming
The A.B.C. of Social Credit, by E. Sage Holter
The Economic Crisis (Southampton Chamber of Commerce Report)
The Nature of Social Credit, by L. D. Byrne

For the Citizen

When the Devil Drives. A Play by Margaret Carter
You and Parliament, by Dr. Tudor Jones
What's Wrong with the World? by G. W. L. Day
This Leads to War, by G. W. L. Day
Poverty Amidst Plenty, by the Earl of Tankerville
The Fear of Leisure, by A. R. Orage
Open Letter to a Professional Man, by Bonamy Dobree
Social Debt or Social Credit, by George Hickling
Women and Poverty, by Jean Campbell Willett
Thy Will Be Done, by Lt.-Col. J. Creagh Scott
Debt and Taxation, by L. D. Byrne
Armageddon, by Jacres
Folders
Waste; The Chosen Fast of God; Feeding Ravens;
A Family Needs Money; Foreign Trade; Wasted Lives.

Homeric Laughter

(Dickens would have abolished imprisonment for debt by the power of humour. Attempts are still being made.)

Life and Money, by Eimar O'Duffy
Economics for Everybody, by Elles Dee

Obtainable from The Social Credit Secretariat Ltd., 163A, Strand, London, W.C.2.

Readers are reminded that there is a heavy demand for the FIG TREE. The one sure way of obtaining a copy is to become an annual subscriber (see foot of contents page).

Read

SOCIAL CREDIT

A journal of political and
economic democracy

The official organ of the Social Credit
Secretariat Limited

(CHAIRMAN: MAJOR C. H. DOUGLAS)

Published at 163A Strand, London, W.C.2

Every Friday

2d

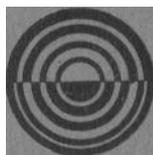
Subscription rates, post free, to all parts of
the world:

One year 10s.; six months 5s.;

three months 2s. 6d.

Canada and U.S.A. \$2.75; \$1.40; \$0.70

The Social Credit Secretariat Limited is a non-party, non-class
organisation and it is neither connected with nor
does it support any particular political party,
Social Credit or otherwise.



Printed by The Blackfriars Press, Ltd
1a Middle Temple Lane, E.C.4;
and at Leicester