

THE FIG TREE

Quarterly

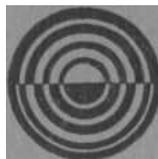
Edited by **C. H. Douglas**

Contributions by

The Editor	Self-Immolation
Miles Hyatt	The Second Reformation in Europe
L. D. Byrne	Alberta Leads
Charles Jones	John Glave in Search
W. L. Bardsley	Mr. Hawtrey's Giraffe: Part III
F. M. Angelo	The Present Economic Dilemma
A. W. Coleman	Australia and Credit Reform

Major Douglas on
The Policy of a Philosophy

R. L. Northridge, H. E. du Pre, E. J. Roberts,
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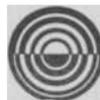
Editor: C. H. Douglas
Associate Editor: Miles Hyatt

No. 8

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



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

Self-Immolation

SEMI-MYSTICAL aphorisms such as “Whom the Gods would destroy they first make mad” “A country gets the Government it deserves”; “Every dog has its day,” and so forth, seem to me to be increasingly applicable to the English middle and upper middle classes. Outside the select ranks of those Social Crediters who might fairly be said to belong to, but not to be representative of, these divisions of society, their members are united on one subject, and possibly on one subject only; their conviction that monetary reform, and in particular Social Credit, is something which is “not done” and must on no account be understood.

Now the cold fact is easily established that there is only one visible hope in the immediate future for most of the members of the classes to which I have referred, and that is the rapid institution of reforms of the general nature of those advocated in this Review and its associates. In speaking of the Proletariat, whatever that may be, but presumably in reference to manual workers, Karl Marx was probably correct in saying that they had nothing to lose but their chains. None of the political reforms which are effective in the world today, such as Russian Collectivism, Italian Fascism, German Nazi-ism, or American New-Dealism, show any prospect of striking off chains, but they do hold out prospects that the slaves may, in time, be a little better fed, and I believe myself that in each of these cases such is the honest intention.

But it is obvious that none is so mean as to do reverence to the classes which by themselves have neither the votes nor the monetary resources (but ought to have the intelligence) to make their views felt. The small group of millionaires outside the financiers are obviously not dissatisfied with the outlook, or even with the grinding taxation, to which they contribute a not personally oppressive share. A carefully fostered revenge complex is sufficient to abate any sympathy that the “lower income brackets” (as the American phrase goes) might have for those just a little above them. And yet it is still true that, in the main, individuals, who see everything that they hold dearest being either destroyed or threatened, who see those features of the English countryside which made it the admiration of the world replaced by a landscape which is indistinguishable from the mushroom suburbs of any great town anywhere, are apparently not capable of devoting a week’s genuine thought to the cause of their troubles. If they were, they could not fail to discover that the policy that is being pursued in this and in every country is to destroy those liberties which English freemen have taken centuries to achieve, and to destroy them without increasing those of a portion of the population to which they could easily be given.

A phrase has come to us from Early Victorian times which is illuminating. Humanitarian reformers in those days spoke of the “submerged tenth,” and there is little doubt that a hundred and fifty years ago there was a tenth of the population living under conditions of great hardship and injustice. It is quite open to discussion whether in the circumstances then prevailing the other nine-tenths of the population could have lived in such comfort as undoubtedly they did, without the existence of this unfortunate minority.

But at the present time no such claim can be made. There is no ground of inherent necessity which enforces destitution anywhere in these islands. Yet there is probably a greater proportion of the population which is economically insecure than ever before. The volume of British capital which has been exported and totally lost, without any equivalent return, in the last sixty years alone would, at the present time, cancel the National Debt and, instead of paying in open and concealed forms nearly 10s. in the £ income tax, relieve us from taxation altogether. It is no argument, even if it were true, to say that the standard of life is higher than it was. It ought to be so high that the words would have lost meaning; that every member of the population would have ceased to worry about economic standards.

It is sad that those sections of the population which have enjoyed the widest opportunity and have afforded, in the past, a working model of free citizenship, should be merely passive spectators of a struggle in which there is every evidence that they will be the chief losers.

C. H. DOUGLAS

The Second Reformation in Europe

BY MILES HYATT

THE Eternal City should look to its laurels. Basle will be Baal, and it is now proposed that a new Holy of Holies be set up by that Other Religion which demands sacrifice and not mercy.

At the heart of the beautifully sugared and gilded pill produced by M. Van Zeeland lies the complete formula for the establishment of a World Central Bank. There is to be “a common fund” for helping nations by means of credits over the transition period from clearing arrangements and exchange-control back to “collaboration.” There is the “consolidation” of former debts, and unlimited extension of the Tripartite Monetary Agreement, with a “modified return to the gold standard” as the ultimate ideal. Capital is to be once more “released”; mandated territories are to become “international”; and it is suggested that for most of these matters the obvious centre is the Bank for International Settlements at Basle. Considering these projects with an impartial mind, the observer cannot but be struck by their apposite emergence in view of the latest developments at Geneva.

“Whether we like it or not,” says *The Times* leader of January 25, “the world is not ripe for the creation of a super-State over-riding national sovereignties.” On the opening day of the League of Nation’s new session it had become clear that in its old form the League was finished. Article XVI and all claims to coercion were the subject of general attack by nearly all the States save Britain and France. As “an indispensable clearing-house for the exchange of international information upon which to base a campaign for the promotion of world trade,” as *The Times* put it, or, in plain English, as a bankers’ spy-shop, the League might still exist in useful form, but as a covenant enforceable on member States its validity was expired.

The good internationalist has no cause for despair, however; all is not yet lost. There used to be in London a certain well known Queen of the Night-Clubs, whose practice it was, when the police closed clown premises known, for instance, as the Sixty-Seven Club, to reopen immediately on the floor below as the Purple Sandal or the Hanging Gardens of Babylon, these having, of course, no connection with any former firm. So, in that very mysterious centre of Europe which is Switzerland, what privileges the small States are about to take away from the League of Nations M. Van Zeeland’s Report will render to the Bank for International Settlements; and the Night-Club Lady of Threadneedle Street, having closed down at Geneva, is preparing to reopen at Basle.

Such is the pith of M. Van Zeeland’s Report, which is a miraculously well-written document considering how much of it must have been done on the train. The remainder of its many pages is a naive invitation to Italy and Germany to commit national and economic suicide, and it would obviously surprise no one more than its sponsors if it were accepted. They can get on with the main project without that. Sufficient is it that the general public in the “Democratic” countries accepts a “constructive peace-plan,” and is moved to corresponding indignation when the “Fascist” powers fail to collaborate.*

*“Democratic” is the term used by the controlled press for the long-term credit countries in the tentacles of the octopus operating from New York. They include Russia. “Fascist” means a barter-country operating a more or less independent banking system of its own, and having short-term clearing arrangements, goods for goods, with other States using similar devices.

Germany and Italy are to be asked to co-operate in removing their exchange controls, renouncing irrevocably all clearing arrangements, allowing their former foreign debt to be consolidated, accepting further debt from Basle, joining the Tripartite Agreement and submitting to the internationalisation of the former German colonies. There is to be an extension of the “favoured nations” practice in tariffs, though exceptions are to be made, if necessary, with States which do not “collaborate” sincerely.

In return they will be supplied with credits for raw materials, to be used for proper purposes—no guns, of course, by order—and a code of international law must be re-enforced by joint declarations.

NONCONFORMIST NO. I

Now let us see what chances this precious rigmarole has of success in Germany and Italy. Take the case of Germany first. Of course the Report has its spokesmen, bankers “striking a note,” as the financial papers love to put it. Dr. Eike of the Reichsbank, for instance, has put it on record that he regards barter agreements undesirable as a

method. Schacht speaks in favour of “an eventual gold basis,” and an occasional plaintive call is sounded from the intimidated iron and steel trade, soon to be nationalised by Goering. Yet these are isolated voices indeed. To most Germans all debts after Versailles, whatever their nature, are political in origin. Bankers, by threat of compulsory clearing, may still get their interest on part of the Dawes, Young and 1931 Loans, but so long as Goering rules the Four-Year Plan with the slogan “production, not cost,” the debt may be regarded as extinct.

The German citizen sees little cyclical unemployment where previously there was a permanent figure of six million. Germany is even importing labour from Italy. Wages and prices are stabilised, and this means definite, if bare, security for all—on terms, of course. Where seasonal unemployment takes place, poor families are allowed to purchase food surpluses at specially subsidised low rates; fish from Hamburg, for instance, at a farthing the pound.

Let it be admitted that the Germans, even if they have thrown off the *fact* of external financial domination, are still mentally enslaved to the method which makes such domination possible. Let us grant further that employment as a policy is absurd. So it is. But it is incomparably less absurd than the Means Test and the deliberate sabotaging of needed food in the face of officially-declared widespread malnutrition, and, provided it is kept to internal “public works,” cannot do very much immediate harm. Van Zeeland and his friends are calmly asking Germans to revert to the good, clean British way with “surplus” fish; to destroy a sort of order in favour of unmitigated chaos; and to hand back the nation to the identical swarm of leeches which have so recently been plucked off its scarcely breathing corpse.

The German, eating poor sausages, potato-bread and margarine, and wearing unboilable shirts, paying 15 to 20 per cent, of his wages into compulsory funds and enduring the ill-luck of two poor harvests, is yet in no mood to walk back into his old Distressed Areas. Perhaps his enemies know this, and prefer the useful handle of his “refusal to collaborate,” should they be in a position to force him to start upon some wild unlawful enterprise—once again “in the wrong.”

THE HERETICS AT ROME

Well, what inducement has Van Zeeland to offer to Italy in return for her voluntary reincarceration? At the substitute-fibres exhibition in the Circus Maximus a speaker said that Italy had gained her economic freedom through the policy of Sanctions pursued by the Geneva powers. This freedom, however, amounts to far less in Italy than in Germany. The Italian capital levy is a tremendous burden and is not appreciably lightened by the concession that fifty per cent of it, or in some cases the entire amount, can be borrowed “on special terms” from a bank, to be repaid in 1942. An apparent Budget surplus of £400,000 is offset by the existence of Budget No. 2 (secret), containing an estimated deficit of £182 millions. This latter item, however, will remain unimportant for just so long as the Italian Government refuses to consider it, or alternatively until Italy becomes subject to a “sound-finance” power. Germany, too, has one, an “extraordinary Budget” with a deficit of about £1,500 millions, but so have France and some other countries less fortunately placed in regard to their banking institutions.

The Italian turnover tax is now 3 per cent. Small as it seems, it operates at every stage in production where an article changes hands, and so goods often reach the consumer bearing a total taxation of 12 or 15 per cent on this account alone. The cost of the Abyssinian war has become the increase in National Debt—12 milliard lire. The loss in foreign exchange and gold is more serious, and to meet this great attractions are being offered to foreign investors, including highly favourable tax remissions. Payments on clearing agreements are said to be falling behind, and the money market is not so amenable in Italy as in Germany. Prior to the recent changes, the purchase of iron ore from Austria had become too expensive, though a substitute source was found in Spain.

Affairs in the “Empire” were decidedly worse than at home. Abyssinia was under orders to reserve all cereal crops for the Government and to economise with petrol, which was very difficult to obtain. Every cargo through Suez had to pay dues *in gold*, so that the size and weight of parcels to friends overseas became a matter of patriotism. Ethiopian “passive” resistance cost Italy 400 million lire a month and the maintenance of 130,000 troops in the field. Farmers dared not move far from the military posts, and most of them wished they had never come out, or could obtain some of the agricultural machinery which was spoiling with rust in the ports.

Meanwhile Italy’s navy was being increased, and one dark night she might well have attempted a shot at Suez, an outcome—again all the signs point to it—which was probably the settled expectation and policy of those controlling the orthodox press of the so-called democratic countries, and of Mr. Chamberlain’s implacable critics in Whitehall.

TOO LITTLE ENTENTE

Poor M. Delbos! If entente means “understanding,” he found very little indeed on his recent hop to all the Eastern European capitals. In Warsaw there was a regrettable tendency to confuse him with a British agent, and, when Delbos talked about the collective way to peace, “each country, of course,” corrected Beck, “fulfils its own responsibilities within the framework of its aims and historical traditions.” Later in Berlin, Colonel Beck is reported to have branded the League of Nations as a degenerate institution, much to the disgust of the French Government. What *will* he say in Rome next month?

Hardly had Delbos returned home when Rumania went Fascist * and Goga sent the tenderest of telegrams to Mussolini. Yugoslavia has reaffirmed her understanding with Germany, and Czechoslovakia is proving too occupied with her Sudeten German problem to be a tower of strength to any group. The League Loans Committee has recently had the distasteful task of calling Czechoslovakia to order for default on her foreign bonds: conduct to be expected of Brazil and Greece, perhaps, but surely beneath the Czechs? †

*A bank has since told Carol that it would not do—so *volte-face* again.

†The reproof is couched very much in the traditional “it hurts us more than it does you” strain—as, no doubt, is the truth in this case.

In Holland, too, where a conversion loan is under way, the Government spokesmen say that they can no longer rely on the League of Nations, and they also warn the world that the Dutch financial situation is very grave. Indeed, Dr. Trip, Governor of the Bank is pleading for a return to the gold standard, to obviate “the great danger of monetary experiments.” Sweden is developing an unbalanced second budget for public works in the coming depression. Looking round in every quarter, it is difficult for the impartial observer to discover much “sound” finance left, outside the covers of the Van Zeeland Report, and a certain amount of this breakdown is undoubtedly due to divergent policies in the bankers’ camp itself.

TWO-FACED LONDON

These divergencies are best observed in the episode known as the Halifax mission. * The City of London is virtually controlled from New York, but there is a powerful opposition party which has had its own way to some extent since Great Britain left the gold standard. Its policy appears to be the driving of a wedge between Germany and her eastern and northern neighbours, and is popularly known as Collective Security. New York seems suddenly to have cracked the whip once more, and overturned the delicate chessboard with the wild piratical stroke of offering Germany—what? Some say it was the whole of Eastern Europe, and perhaps even Denmark, to play with instead of her former colonies. † What Germany’s side of the bargain was to be we can only speculate. Until the sudden Cabinet crisis in Germany, when Von Blomberg and his friends lost their influence, there was a curious optimism in the City with regard to the German reaction to the Van Zeeland Report. It is not impossible that a party in Germany was prepared to sacrifice self-sufficiency and Italy, in return for acknowledged German hegemony in Europe, with Schacht as President of the B.I.S. to guard against fraud.

*Many a heart was turned to lava, and many a pillow wet with nitric acid over this business and its recent sequel.

†It might have been rather fun to offer Germany Abyssinia!

What indications are there in support of this view? One could tentatively put forward quite a number. The newspaper campaign in England against Germany almost died down, whereas Italy was returned to pirate status. Italy is a constant threat to Egypt, which is much more a nerve centre of world trade and credit than Central Europe. Then we have to take into account the sudden swing towards “anti-semitism” in Italy, and the equally sudden nervousness about German aims in Austria, resulting in rumours of withdrawal from Spain and concentration of Italian troops in the Tyrol. Finally, there is now the withdrawal of protest from Rome to Austrian Nazification by Germany, and this must be the price of something. It would seem that Hitler, in encouraging those Germans who hoped for a Halifaxian solution, was simply allowing quite a number of groups the necessary rope, and the British Government, the Junkers and to a lesser degree even Mussolini himself, now find themselves neatly strung up in a row, hoist with their own diplomacy.

With the “purge” in Berlin, matters changed. The “bought” press screamed out against Germany once more, but

Italy became almost a “good” nation. Official Britain was for once frightened into near-civility, and proved ready, in return for the mere *pax Romana*, to acknowledge even the Abyssinian conquest. Hitler spoke; the Westminster marionettes performed their remarkable shuffle—and, lo! the “swinging” axis came into being.

Another instance of City double-dealing is the disclosure of the fact (already known to the Foreign Office) that Franco had received one and a half million pounds from London, by way of what is described as a forced levy on the pyrite exports of Rio Tinto Co., Ltd (Chairman, Sir Auckland Geddes). So it probably is, but General Franco, like a good (compulsory) commission-agent, has seen to it that the Rio Tinto Company is doing a record business with great Britain and Italy, and I do not suppose the directors are complaining. Meanwhile the British mission to Portugal is busily demonstrating how vulnerable are the Portuguese coasts and cities to the British air and sea arms, and the news and films we get in London are all anti-Franco, so that we can certainly assume that a strong section of the City has no love for the Nationalists. In either case, pull devil or pull baker, a weak and exhausted Spain would not displease the financial doctors.

THE MULBERRY HUSH

With the “return of confidence” after the elections in France, gold to the amount of about millions dropped into the almost bankrupt Bank of France’s coffers from the French Exchange Equalisation fund; nor did this in any way embarrass the Fund when it came to meeting the £40 million British loan.* The franc could now be “bulled” to any extent, and it was in an atmosphere of rising hope that Bonnet gaily floated a £45 million loan.

*Why did the fund deal with this loan? It was not its business to do so, and the result was to weaken later support of the franc.

Early in December the Government announced that it would require in all 26 milliard francs, and, to meet that figure, taxation had already increased by 10 milliards. The Socialists at this point objected that the estimate included no provision for raising the salaries of civil servants to meet the cost of living. Bonnet’s reply was that 58 per cent of this expenditure was debt service and military charges, and that these “obligations” must come before all others.

Soon the “incidence of the 40-hour week” begins to be “modified.” Iron miners are “temporarily permitted” by decree to work two extra days a month for overtime. On the order of the Council of Ministers the average is to be 43 hours a week, and in this scheme the coal miners also are to be included. On December 17 the Committee of Enquiry into French Production published its findings, which may be summarised thus: (a) efficient up-to-date machinery is *not* needed, but (b) stability in cost prices is. The Government thereupon proposed the rather vague solution of “a closer co-ordination of industries, with a measure of State supervision,” which was not then given the attention it deserved because Chautemps had so far not disclosed the complete Soviet industrial code he was keeping ready for use when the time was opportune.

Bonnet now discovered that he would need 28 milliards, as the Left Wing must be kept calm and free from talk about exchange control; but at least the Budget was balanced as no one could deny. No one attempted to do so, though *The Times* of January 3 pointed out that “when the ordinary Budget is described as ‘balanced,’ it should be recalled that the extraordinary Budget allows for the expenditure of 18,500 million francs without any equivalent revenue.” The emphasis on a balanced budget is to be regarded as *symbolic* of Bonnet’s attachment to “sound finance”! A few days after this, Bonnet was talking in terms of 30 milliards for the coming year, and the Elder Cato of the double-entry system, Paul Reynaud, went about uttering the melancholy forecast of 46 milliards.

Into this atmosphere of effort, confidence and symbolic honesty burst the serious labour agitations of late December and the New Year—the Paris and the Goodrich Tyre strikes and others. Chautemps hurriedly launched his “Code of Social Peace,” to bind employers and workers by law to hard-and-fast agreements. Once again it was deemed useful to “bear” the franc, probably because the financiers had early information of the employers’ decision not to attend the Chautemps conference unless there was a promise not to discuss any “structural reform.” “Again *The Times* (of January 14) is illuminating: “There is no mystery about this renewed flight from the franc. It has been caused not so much by any tangible weakness in the monetary situation as by the fact that a recrudescence of industrial unrest has shaken confidence in the future. If capital and labour cannot be induced to work together.... When the Employers’ Federation refused to take part in the conference summoned by the Government, it was felt that . . . Holders of francs hastened to protect themselves....” Exactly. Of course in France it is being said that the *employers* did this, but they are unlikely to embarrass their own position by making it appear that their “anti-social” conduct is the cause of further trouble to the country.

Chautemps was now in trouble. His Social Code had slipped up, because, as I like to think, the Frenchman whether worker or employer is still an individual. Strong measures, Governmental compulsion backed by armed force, were now indicated, but they would require better reasons than the financial situation. The commendably frank *Times* admitted that Finance itself was not a good reason in France, where it was “one of the most controversial subjects of the day.”*

*Some of M. Jouhaux' comments on money would be impossible nowadays in Westminster.

At this juncture the unfortunate Hooded Men had to serve their turn once more as pressure vents for the public excitement, and the police made some spectacular arrests which definitely proved that the Employers' Federation, if not actually Cagoulard itself, was composed of the same sort of people, the wicked and obstructive Right. The franc went on falling. Still the employers remained obdurate.

On January 13 Chautemps staged a self-provoked crisis and walked out of the front door. On the 16th Blum tried to form a Government, but Reynaud refused to serve. The police did their duty by finding, conveniently enough, a large store of arms in the Rue St. Lazare, and this at last induced all parties to rally round a “stable” Government once more, and to cease all dangerous talk about exchange-control. Chautemps, having walked round the *bloc*, after the manner of French Prime Ministers, re-entered by the swing door, and exchange-control was solemnly anathema'd by the entire Cabinet. The pressure on the franc ceased at once. * Clearly Van Zeeland's plan was not to be prejudiced in advance by the sudden secession of France from the “free” exchanges.

*£20 million in gold was paid into the Exchange Equalisation Fund by the Bank of France. Its management is now to be officially “independent of the (Government).”

But the political parties have not had it all their own way. Some obstinate Socialist country deputies at the last moment prevented their leaders from taking any part in the Government, and they had to be content with declaring a benevolent neutrality. Chautemps, still anxious to put his “Social Code” into operation, has been forced to lie rather low and say nothing that could not be interpreted in several self-contradictory ways. Thus we reach another breathing space, and, in spite of all that has happened, the French individual still has his hat in the ring. Moreover, there are signs that the issues are becoming clarified for him. It may not be long before he recognises the true enemy.

Alberta Leads

By L.D. BYRNE

An Address given at Calgary on January 14.

It is my considered view that Alberta's struggle against the power of international finance will rank as one of the most important milestones in the history of human progress. To you who are engaged in the struggle this may seem an exaggerated statement—but I hope to show you that it is impossible to exaggerate the importance of the task upon which you have entered.

Already the action which you have taken under the leadership of your Premier and Government has focused the attention of millions of your fellow men and women on the clear issue of The People *versus* International Finance—of Democracy against Tyranny—of the Individual as opposed to Institutionalism. And the steps which have already been taken in Alberta are, I assure you, but the opening stage of a universal struggle for freedom. As the situation develops, The People of all countries—the English-speaking countries in particular—will awaken to what is wrong with the world, and the definite alignments of the forces of Freedom and the forces of Tyranny will take up their positions for the final struggle, in which the People are destined to win.

I say with conviction that The People will win—that democracy will be the social order of the future, because by your action in this opening stage of the conflict you have assured the defeat of financial tyranny. International Finance will never realise its dream of world domination—thanks to what you have already achieved in throwing up a situation for all the world to see what power it is which is dominating human life and tyrannising mankind everywhere. You have shown that such is the power of this tyranny that even Governments are subject to its control.

But it is essential to have a realistic conception of the situation if you are to gain the objective which you have set

yourselves. I would impress upon you, with all the emphasis I can command, that because of your early successes and because of the certainty of the ultimate result of the conflict, it would be disastrous to assume that the fight has been won. It will not be won finally until you have gained your objective of a secure sufficiency in freedom for all; you will not gain this until democracy is a functioning reality in Alberta; and democracy will not be a functioning reality here until you have imposed your will on International Finance—the world power that is dominating you and imposing its will on you at present.

I hope you have no illusions about the matter. In opposing finance you are fighting the most strongly entrenched, insidious and powerfully tyranny which has ever fastened upon human life. No tyranny has willingly surrendered its power—and I assure you this tyranny of international finance will prove no exception. If you desire to retain the sense of realism so necessary in this crisis in human affairs, you must make up your minds to face a long and bitter struggle before you gain your assured victory.

To get the measure of the forces you are opposing, it is necessary for you to look beyond the small group of financiers who, through their control of the financial systems by methods familiar to you, control the social institutions of all countries. You are not up against the power of men only. You are opposing a system—a system which permeates our entire social structure to such a degree that the results of its operation extend even to suppressing the truth and presenting lies in the guise of the truth. In this fight you are up against what is familiarly referred to as “the power of evil,” and which by Major Douglas has been more aptly termed the Devil Incarnate, the Father of Lies. There is nothing too foul, nothing too mean, too slimy, and too cruel for those serving in this camp to perpetrate. The Devil recognises no law no moral standards.

Now, the struggle upon which you have entered and which is destined to be taken up by The People of all countries, is the culmination of a struggle which has been proceeding since the early stages of that social progress we term civilisation. Throughout nearly the entire period of 6,000 years during which civilisation is known to have existed, Man the individual has been struggling to free himself from the domination which has thwarted his life. Curiously enough, this domination of the individual has always been centred in the institution, and institutionalism is a product of Man’s own creation. For centuries individual Man has been striving to escape from the shackles he has put upon himself, in the establishment of institutions which, in the first instance, were unquestionably conceived as devices to serve the purpose of those who created them.

THE EARLY MISTAKE

Looking back it is easy for us to see that the trouble all started with the early mistakes of those who laid the foundations of civilisation. On the weight of evidence there is every reason to believe that the Nile Valley was the cradle of civilisation. Appropriately enough we associate Egypt with the pyramids—I say appropriately enough because the pyramid is symbolic of the form of social organisation under which the pioneers of civilisation established society. It is the misapplication of this form of social organisation which has caused so much trouble in the process of building up civilisation, and it is this form of pyramidally organised society utilised to impose policy which is at the bottom of the world’s troubles today.

Let me explain exactly what I mean by a pyramidal form of society. Just picture a pyramid in your mind. The point at the top is the apex and the square on which it rests is the base. Now, that represents the form of organisation of any well-run modern business—for example, an automobile factory. At the apex we have the executive and at the base the general body of operatives. The executive at the apex controls and dominates the entire undertaking for the purpose of obtaining a predetermined result—a supply of automobiles by the most efficient means.

I want you to imagine society organised on the same lines, with policy controlled from the apex, and you will have a picture of the social structure which is threatening universal disaster at the present time. In this case you must picture an all-powerful person, or group of persons, at the apex, imposing their will for results upon the entire structure by a series of semi-executives who obtain their authority from the apex. Such a social structure constitutes a tyranny under which the many are subjected to the will of the few, who control and manipulate them by various devices.

This tyrannical form of society was adopted in the Egyptian civilisation, and has persisted ever since. In the main the technique of tyranny has remained substantially the same, though, of course it has improved with time. Always the dominating principle has been to render the individual subservient to the institution—the State, the Temple, the Army, the Kingship and so forth. Always the many have been manipulated by the few, by being conditioned to expert

regimentation, by being kept divided into classes, castes and so on. “Divide and rule! maintain ignorance; engender fear,” have been the golden rules of all tyrannies.

The first serious challenge to the pyramidal state came from Greece. Greek civilisation was an attempt to build a new order, and had it been allowed to spread, civilisation would have taken an entirely different course. From Greece we obtained the conception of society in which the institution existed to serve the individual—in fact, democracy, which is the opposite form of social organisation to the pyramidally organised state tyranny.

The challenge of Greece was followed by the challenge of Christianity, which laid down the same basic principles for society. For nearly two thousand years these principles have been pursued in the ceaseless fight for personal freedom as a vital basis for a natural social structure; and in that fight the Anglo-Saxon people have played an important part.

The principles of Christianity struck at the roots of the pyramidal State. “Love thy neighbour as thyself.” “The Sabbath”—an institution—“was made for man.” In fact, throughout the Gospels we find stressed the same principles as those for which you are fighting today, and which are diametrically opposed to the pyramidal state structure.

Century after century, under the influence of Greece and the springs of power given to the world by Christianity, the struggle for freedom continued. Step by step the foundations of democracy were laid in readiness for the new civilisation. One after another established tyrannies were overthrown—the tyrannical conception of kingship, the rule of witchcraft, military dictatorships and so forth. But in the process a new and insidious power began to attack mankind and, like the snake by which it is symbolised, to use every crafty and stealthy device it could conceive to replace the ancient tyrannies.

By the time of the war of 1914-18 finance had established itself as a world power—thanks to the success with which it foisted a cruel and fraudulent system of money on a trusting world. In entrenching itself as the dominant world power, international finance used the age-old devices of all tyrannies—but in more perfected forms. The war of 1914-18 was won easily, was won “hands down”—by finance. We were misled into believing that Great Britain, with the Dominions, France, the U.S.A. and other Allies, had won—but it was not long before we realised that it was finance and finance alone that had benefited. The post-war years have brought nothing but increasing suffering to all men everywhere. Poverty amidst abundance, economic disorganisation and progressive loss of security and freedom have been the common lot in every country.

WORLD DOMINATION BY FINANCE

Immediately after its victory in 1918, International Finance, with headquarters in the United States, proceeded to consolidate its gains and continue its onslaught against humanity. Central banks, free for all practical purposes from any control by Governments, were established wherever possible. A World Bank was established under the guise of a Bank for International Settlements; deliberate restriction of credit facilities, resulting in economic dislocation, enabled more complete centralisation of industry and commerce under the direct control of finance; the enormous burden of debt, shackled on to all countries during the Great War, belligerents and neutrals alike—a debt which could only increase under the established financial system—brought Governments under effective control. By means of crushing taxation and economic stress entire populations were submitted to more and more exacting regimentation. All this was accompanied by vigorous propaganda against nationalism and in favour of internationalism, with suggestions for World Government by a League of Nations, universal disarmament and the establishment of a powerful international police force under the League’s control. The League of Nations was, of course, to be controlled by the International Bank, which, by its control of all countries through their central banks, would have ensured of its nominees being elected to the World Government. This was, and remains, the objective of International Finance. It is but the natural development of the pyramidal state structure into a world tyranny dominating all human life. To assess the proposition with which you are faced in this struggle, you have but to contemplate the awful consequences to humanity which would result from such a tyranny—a tyranny which would of necessity have to employ methods both ruthless and diabolical in order to retain its power.

It is against this background that you should consider the present situation. When you have a general grasp of this background, you will be able to understand why it is that democracy is being attacked everywhere, and why it is that open dictatorships are springing up. You will recognise, too, that the fundamental nature of the issue before the world is identical with that which you have thrown up so clearly in regard to Canada—the individual versus the institution—democracy as opposed to tyranny—freedom against slavery. However you describe it, the issue is the

same, and because of its fundamental nature it is perfectly correct and perfectly rational to conceive the conflict which you are leading as that of Christianity opposing the Devil Incarnate, the Father of Lies.

As the situation develops and as you go forward towards your objective, opposed by all the forces which Finance can mobilise against you, inevitably the battle front will be extended to other parts of the world. You have given The Peoples of the world, in particular the English-speaking world, a lead which is bringing them to your aid just as fast as they are grasping the full import of what you are doing. For some time now one of the outstanding features of the world situation has been the growing revolt of people everywhere. The revolt of wage-earners against the conditions imposed upon them, revolt of the unemployed and destitute against the unnecessary suffering to which they are forced to submit, revolt of taxpayers against the crushing and savage taxation which assails them, and revolt of entire populations against the increasing insecurity and progressive loss of freedom: all in a world capable of yielding material abundance and freedom. This is being brought to a head by the rapidity with which a world desiring peace on earth with an intensity never known before is being rushed into the catastrophes of war and civil disturbance. Unconsciously people know that their plight is due to the system; there is a widespread conviction that the cause of the trouble is finance, and there is a growing recognition that the situation is bringing the individual into conflict with the institution. No person of reasonable intelligence will deny that there has got to be a change and a fundamental change. In fact, their discontent and their revolt against their environment is evidence that they desire change. It is in such a situation that you, in Alberta, have thrown up the realities of an issue which must be fought out before civilisation can go forward. You have forced International Finance to come out into the open as the enemy of The People and of democracy, even to the extent of resuscitating Disallowance, a remnant of feudal autocracy; and this has provided a demonstration for a startled world of the power of Finance to control even Governments and the institutions we call democratic.

THE TASK BEFORE YOU

Now, the essential task before you, and before humanity, is to change from the existing tyranny of the banker-ruled, pyramidally-organised state to a democratic social order where The People decide what *results* shall be achieved. In order to succeed in this, you have to impose your will on International Finance and prevent it from imposing its will on you. The resistance that a power like International Finance will put up inevitably means a clash; in fact, this clash has already occurred as a result of the first steps you have taken to assert your democratic rights. Until you have gained your objective of secure sufficiency in freedom by establishing democracy in Alberta, you will find that you will be forced to fight every step of the way towards your goal. If you do not face up to this, if you are not prepared to go through with the great task you have set yourselves, you will be shirking the realities of the situation. Moreover, if you quit now after your initial victories, you may well jeopardise your future and that of your children and of humanity; for you have assumed the lead in this culminating stage of the great struggle of the ages for freedom. The eyes of the world are on Alberta, and everywhere the cohorts of democracy are preparing to join you in your attack against tyranny. The responsibility, which rests on you at this time, is very great. And when I say rests on you I mean upon each one of you.

In going forward towards the establishment of democracy as a functioning reality in the world, I suggest it is important that you should know the nature of the task you have undertaken, and that you should have no illusion about the difficulties you will have to face.

The task before you, and before the world, is to replace the tyranny of a pyramidally organised social system in which policy is controlled from its apex, by democracy in which The People control policy—and to achieve this change with as little shock and disturbance to the social structure as is humanly possible. Actually there is no necessity for anything but a perfectly smooth transition from one social order to the other.

I have attempted to show you what is meant by the term “pyramidally-organised social system.” I have illustrated this as a social system which is rigidly controlled from the apex, so that the few at the top dominate and manipulate the many. The technique for controlling this form of society is simple. Therefore the social system is organised in such a manner that The People are set against one another by divisions into classes, sects, parties and so forth. By keeping the general living standard below the security line, the controllers at the apex are able to ensure that there will be a scramble for the more secure positions, and by their control they can ensure that, in the main, the price of these positions shall be support for their tyranny.

Now, the alternative form of social system, democracy, is organised to yield the opposite result. Its purpose is to enable individuals in association to get what they want. Diagrammatically, it is best pictured as a circle, the

circumference of which represents The People, and the centre the administration. The People at the circumference, having the power to remove those at the centre, are able to say what *results* they want from their association together as a democracy, and to insist that they get these results.

This brings me to an important aspect of the question of social organisation. It has to do with two terms—policy and administration. Each is a function which, properly allocated, will yield great benefits to society; but in the hands to whom these functions should not be entrusted they can be dynamite.

Policy is the specification of *results*. The policy of a shirt factory is to produce shirts and yield its owner a profit. These are the *results* it has to achieve. *HOW* these results shall be achieved is a question of administration.

Administration has to do with *methods*. How the shirt factory shall be organised to yield the results desired is the function of the administrators.

Now, in a pyramidally-organised social system both policy and administration are controlled from the apex. The People are not permitted to have any say in regard to *the results* of their association within the social structure.

In a democracy *policy*, that is the specification of *results*, is the function of The People. Think of your circle. The circumference decides what results its members individually and collectively desire, and it puts in an administration at the centre to give it those results. Should the persons placed in the administrative jobs fail to yield the results desired by The People at the circumference, they are automatically removed in favour of those who will do so.

To enable democracy to function in this manner, certain mechanisms have been devised down the ages. Broadly, these are the voting systems, the political vote and the money vote—for if you will but think about it you will appreciate that money can be, and should be, an effective voting system in the economic sphere of social life, just as the political vote can, and should, be effective for demanding *results* in the political sphere.

DEMOCRACY OR TYRANNY

Now, if you have any doubts as to whether the present social system as it operates everywhere in the world is, in any sense, democratic or not, you have but to put this very plain question: Are the *results* which are being yielded to The Peoples of all countries those which they desire? We know that there is no pretence of democracy in the dictatorship countries, but take the so-called democratic countries: Great Britain, the British Dominions, the U.S.A., France and so on; is it the will of The People in these countries that the results of their association as individual members of constitutional democracies should be poverty and insecurity amidst potential abundance, brutal taxation, increasing debt and progressive loss of personal freedom. I put it to you that these are the exact opposite of the results they want. This policy is not theirs; it is a policy being imposed upon them and upon you.

Who then is imposing this policy upon The People of every country? It must, of necessity, be conscious. For men make policies and men implement them. By your action you have shown that it is being done by the controllers of finance—a self-imposed tyranny operating from the apex of a pyramidally organised social structure.

Now, while the democratic form of social organisation alone will give the world the social system we know as democracy, this form of organisation has its limitations. Also the pyramidal form of organisation, which spells tyranny when applied to the social structure, has its uses.

The very core of democratic organisation is personal responsibility. Not only the function, but the personal responsibility of every elector in a democracy, is to assert his or her will in regard to policy—that is, to demand *results* in the order that he or she desires them, and to use the mechanisms provided to insist on getting those results.

But it is entirely outside the province of a democratic electorate to be concerned with *methods*. Having demanded the results required and entrusted the obtaining of such results to the persons qualified to devise proper methods, the pyramidal form of organisation must now be employed for purposes of administration. Moreover, the person put in control to obtain the results demanded by democracy must be left to devise the methods which, in his judgment, are the best to implement the democratically-decided policy. Otherwise he cannot be held responsible for results—and it is essential that he should be.

At the present time the democratic political machine works in the opposite direction. Except here in Alberta, where political democracy is established, The People in democratic countries are never consulted in regard to policy—that is

in regard to the *results* they desire. They are invited to vote for one party or another, to decide whether, for instance, free trade or protection—both of them methods—shall be employed to alleviate their plight as a result of the imposition of a policy decided over their heads. By this device, all who are really responsible for the state of affairs which exists escape responsibility. They have the perfectly good alibi that they were elected to bring in protection or free trade, or to save the dollar, and therefore the electors must accept responsibility for, and cheerfully bear, the burden of the unpleasant results which accrue.

However, if The People demand *results* and refuse to concern themselves with methods; and if, under pressure from democracy, The People's representatives insist that those individuals in charge of the institutions which should exist to give The People the results they want are held personally responsible for the results demanded, then you will achieve a functioning democracy. All the way along the line each individual will be held personally responsible for carrying out his part in implementing the will of The People. Individuals will be unable to hide behind institutions in order to tyrannise The People. Both policy and administration will be allocated to their proper places in the social organisation.

UNITE IN ACTION

This issue which will be fought out in the world is in no sense a party matter. It is an issue above all party or sectarian considerations. The technique of tyranny demands that The People shall be kept divided against themselves. International Finance knows that there is no power which it can command that is superior to the *united* will of The People. Parties are a device for dividing The People. So in going forward as a Crusade you are adopting the right tactics to counter "the enemy's" tactics of divide and rule.

The People will unite on one basis and only one basis—a demand for *results* which they all desire.

Remember that men make policies and men administer them. Those who are opposing you are just ordinary human beings like us—men and women with the same high qualities and the same faults. They are opposing because, as yet, they do not understand, and, though it may seem hard at times, the quickest way to bring some persons to a realisation of the issues at stake is to adhere rigidly to the democratic principle of individual responsibility.

I urge you not to allow men to escape responsibility for their actions by hiding themselves behind institutions. Men run institutions—and institutions exist to serve the individual. The greatest heresy of civilisation has been, and remains, the fantastic proposition that men exist to serve institutions.

Keep before you a realisation that this is a "holy war" in a very real sense. War can be defined as a state in which one group of persons is engaged in imposing its will on another group and preventing that group from imposing its will on them. That is the situation in regard to your struggle against the forces of the Father of Lies.

In establishing democracy you will find that you will have to drive straight for your objective if you are to realise it. It is useless to say to a person, "I will not allow you to impose your will on me," and then proceed to do nothing to stop him. Action alone can change a social environment. Right thinking in itself will not get things done. Right thinking must be translated into right action. The most dangerous man in the world today is the person who is full of excellent ideas and sympathy for that which is right, but directs his every action to supporting that which is wrong. To know the truth, you must make the truth a reality. Good wishes have any value only when they are translated into action.

Action is the key to changing the social environment. You will recall the historic occasion when the moneychangers were driven out of the temple. That was action—and objective action. And the situation in the world today once again demands that the moneychangers be driven out of the temple.

In conclusion, may I give you two powerful passages from the New Testament to take away with you to ponder very carefully. You will find they sum up much you will need to strengthen you in your Crusade for a Christian and democratic social order against the forces of the Devil—the Father of Lies. The first passage is from the Gospel of St. John:

"And ye shall know the truth, and the truth shall make you free."

The other is from St. James' Epistle:

“Even so faith, if it hath not works, is dead, being alone.”

John Glave in Search of a Philosophy

BY CHARLES JONES

JOHN GLAVE was a little man who was subject to temporary fits of inspiration. These he accepted as a sick man accepts his bronchitis. The sudden and disturbing heightening of the spiritual temperature; the hard drawing of new breath; the weary convalescences of gloom between attacks of glad, new visions; these he looked upon as a patient does upon the jerky red line of his chart—the up-and-down cross-section of his fluctuating life.

John was a clerk, and the flushes of inspiration, which warmed him from time to time, interfered somewhat with the routine of his occupation. The routinier is a plant which flourishes in a low temperature. But John had been accustomed to sudden transfixions of the spirit from his early youth up, and had learned to dissemble his mercurial moods by the gestures of placid normality. His excited ebulliences were contained, like the raging of a dormant volcano.

His first sight of the sea, a faraway tumble of broken jade, had made him swoon; and once, as a boy, inflamed by the glowing colour of Mars, he had lightly plucked him out of the circles of the sky, whereupon all the planets had run amok seeking to pick up new threads of gravitation—but there, the thing was done, and the sun and its constellation, skittish as a colt that breaks its tether, rushed off into the far fields of the galactic system.

When John recovered from that astronomical experiment (made because he was alone on a hilltop for an hour, and not to be trusted in such places) he said to himself, “There is something in the universe which ties things together, and makes them right in a great association with other things. That is what makes the whole assembly work. There is, I think, a Canon which must have been from the beginning; the Rightness which makes things work in proper orderliness.”

Then he went on to reflect that if the moon sheered off on a holiday, or became an interlunar export, to the probable confusion of Saturn, the tides would get unchained and swallow all England, except, perhaps, his hilltop; and he would have to build an Ark, or provision a little ship against the time . . . a keg of fresh water, and clean underclothes with a sprig of lavender, and a pan to cook in . . . or should he be an ambassador to warn the friendly Saturn to add to her shimmering rings a celestial tariff wall ? . . .

This was a renewal of the attack, and in the growing dusk he hastened to reassure himself that there is a sober world of facts which are constant and reliable.

“I must pull myself together,” he thought. “These fancies grow on one. It will never do. I really must stick to geography and history and Latin.”

These subjects were much in his mind at the time, for he was due to win his spurs by examination.

When he failed to matriculate, it was because in a very rabid attack he had spent many hours in mastering the idea of the arithmetic continuum, and as a consequence was not as well practised as he should have been in adding up.

Disappointed at his failure in scholarship, his parents took him from the county school, and made a clerk of him.

So adding up for a living, he started poor, and continued so for long, his assets of profound curiosity always showing a balance over his liability to cupidity—which in the transcendental order of moral accountancy is on the wrong side.

It was thus, in brief, that John became a clerk of modest nine-to-five-thirty competence, with occasional spasms of excited afflatus during which disgraceful addition led him into convalescent overtime. He spent long and weary hours checking and re-checking columns of figures which were two over, or ten short, or untidy gross totals which had

illicitly made, like a frolicking banker, ten pounds out of a mere blot. His adolescent energies fretted under this monotonous stress. Adding up, adding up, when what he sought was the Aggregate of all Aggregates.

But what would you? A man must work, to live. It's a bit disappointing maybe to balance ledgers, because when a ledger is replete with auditor's ticks like a hare's trail by which the hounds of numeric exactitude arrive at the conclusion that the two sides are like as twins, then the best thing to do with it is to burn it. For a balanced ledger is dead the moment it is whole. It is waste, void, without use. A man, made in the image of God, cannot stand back from a job like that and call it good. It is not good. It is nothing.

Clerks keep ledgers to show the world that in the ludo of business their masters always win. So they are paid, for the very pride of the score. "Won again!" says the master of a credit balance at the bank, after a year of lucky dicing against unpredictable prices, and out of the joy in his heart he gives the little clerk the exuberant shilling which adds a spread of butter to his bread. For this reason, if for no other, it is immensely important to keep the jobs going.

Preoccupation with elaborate records of the haps and hazards of business kept John stoutly bound to a universe of three dimensions, and one duty. He had to earn a livelihood, and he did it with the goaded courage of a horse who drags a load uphill under the sickening torture of a short bearing rein. But the man who perceives limitations is the only kind with force to transcend them. There is slavery, and blind slavery. The man who knows he is enslaved may still endure serfdom, but the blind slave has ceased to be a man. He is but part of an institution; he has submitted to the fate of being a polyp in a colony of polyps.

John Glave's bouts of inspiration were the symptoms of his freedom. They hindered his balances, but could never shake his balance. He was poised perpetually on the knife-edge of an idea. He never knew from one moment to another when some hectic holiday would overtake him and he would be off on an excursion along the slick and narrow highway of his travel.

If he was in the office, well and good; his lips moved and his brows contracted, as is the vogue in such places of importance. One and one make two, and three is five—that's the way to calculate profits. But what is the square root of two? Ha! there isn't one, unless it lies in some unidentified infinity. Our John is already through the office roof, out of range of profits, clambering somewhere up the slats of space and cuddling an enigma. Before long he slips, loses hold, and falls, wallop, into the fourth dimension, jockeying with the imaginary square root of minus one . . .

The truth is that most people subsist in one element, but John was a flying-fish of a fellow, whose organs of propulsion not only cleaved through the dull resistances by way of which he arrived at a livelihood, but sometimes lilted him to thinner atmospheres wherein, at speed, the salted waters dropped away in spray, and left him buoyant in aerial flight. So he pursued a double progress, one towards the means of life, and one towards the finesse of living.

In mid-manhood, then, the victim of continual relapses and irruptions of fancy, John had nevertheless got far from the boyish pranks of picking stars from their sockets, or wheeling the Milky Way to other planes, or loosening the reins that curb the greed of seven seas.

It is all very well for a boy to run about the cosmos like an innocent mouse in a jeweller's shop, skittering over a crust of diamonds as carelessly as over a scuttle of coals. But as a man, John wanted to grasp Reality, to stand firm in understanding as other men do. What was that he had been thinking? Diamonds? Coals? One thing, of course. Allotropes! Then what is the ultimate synthesis . . . the unity . . . the final Reality?

He couldn't escape such questionings. He had to know. But, God! what an attack this was! How hard his breath came, and with what a throb the blood was sucked and spurted in his heart. If he put his finger to his wrist the pulse patted like a feather vibrating in a draught. He hadn't asked to be disturbed with such questions.

He wanted to keep the books, to balance the accounts, and then enjoy himself. So he persuaded himself. But, he asked, can a man attain the dignity which enables him to act singly, with sovereign conviction, with a sure sense of purpose and direction, unless he is in some manner in tune with the universe? No! the individual man must bind his life to a philosophy so that within the unchallengeable territory of his own jurisdiction, within the diocese of his single life, he may be sure of at least one thing, what he wants, what direction he wants to take. A conception of Reality is the beginning of such proud action, of confidence, of dynamic manhood.

So John succumbed to this urge, and read philosophy to get a clear sense of values. It opened up a new world. His

brow grew heated; he felt as inflamed as a poppy. Philosophy was a very bewitchment. What a price there would be to pay for this!

And so there was, although he did not get exactly what he sought. There followed a most protracted convalescence during which John was given the responsibility of the Bought Books as well as the Sales Ledgers. For many months he deliberately cooled the onset of any tempting ardour, and abjured reverie like a man on diet, with proper abstinence, that is, but copious salivation. He was forced to be hard on himself, and school his mind to a strict regard of his invoices.

What would happen, he reflected some time later, if he entered a Bought Invoice in the Sales Book? Or what would happen if he entered a credit as a debit? To cheat oneself of a possession and create a debt by the single blow of a clerical error was unthinkable. Like a self-inflicted wound. Yet, if you come to think of it, all goods are handled by bookkeeping, and they could be mishandled.

Suppose a man . . . his temperature was rising now . . . suppose Britain did such a thing; cancelled her splendid prosperity with a book entry? That was how things seemed to be going. Textile spindles destroyed . . . quotas . . . marketing boards . . . fish thrown back into the sea. Of course! If you don't make your book entries fit the facts you have to make the facts fit the book entries.

Oh, he felt the fumes of his troubles rising. Here he was, getting out of hand when he most wanted to keep cool after his promotion . . . but where the hell did that monstrous, impossible National Debt come from?

His head began to reel. He was getting near to a terrible question, and the fiends of his malaise were screaming in his ears. O God of Numbers, for pity's sake bring out the square root of minus one, and cool the hot blood with arithmetic logic. Two minuses multiplied together make a plus. It's true! It's true! But do pluses added up, pressed down, and running over, make a minus? Damned if they do! Then where did the ugly National Debt come from?

Where is Britain's piling credit? You can see it on every hand; better processes, growing output with less labour, a greater and greater possible more, day by day. What damned fool of a bookkeeper is writing down the riches of Goods Account as a liability? It's all wrong. All wrong!

Dear Lord of Aggregates, an enemy is in thy cornfield. Someone has mixed the invoices. Some perdition idiot is entering all the credits as debits. Hell!

John felt this upburst as a bitter pang. He was laid prone again by the recurrent fever of inspiration. Whence did it arise? Were ideas thick in the air like grass pollen at seed-time, spreading from some ripened source to afflict sensitive membranes?

He had not asked to see this awful thing so clearly, to understand the paradox of a half-starved, prosperous country in a flash; to see the wreckage of a flourishing nation in terms of silly book-keeping.

Perhaps it was the natural end of a man who, in his youth, had used a rainbow for a rocking horse. Such a man is not fit to be left in charge of account books.

John determined to take things in hand seriously, before the malarial inspiration in his blood became an intractable virus. As it was, before the sweats and tremblings of one bout were subsided he was in another. Where was the blessed respite of his accustomed convalescence? Why couldn't he rest for these unbidden truths which knocked and knocked at the door of his mind. Why toss and fret so when Reality didn't really matter to a simple ledger clerk . . . didn't matter any more than an elusive celluloid ball dancing on a jet for boors to pot at in a booth? . . .

Only, of course, the ball would fall if it wasn't for the fluttering battledore of water. Dear me . . . surely it *is* important to know what keeps things going, what keeps them up and stable in a conflict of forces. Gravity! Now, there is a universal which hints at Reality. It is what ties the stars in their loose bundle, as he had known from boyhood. It is real and invincible, a structural prop of the universe. You can't debate about it, or lie about it, or defy it. God Himself must not goat about with Mars or juggle with the constellations, or else there would be chaos. The whole universe would clash, and in the vast conflagration it would revert slowly but surely to molecular sludge, dead, done for, rationality at an end. Only orderly motion within the natural system with its fruitful margins for new, experimental associations stands between the universe and a swift, flat inertia.

The self-organised world of men, Society, comes to a similar end without a right social dynamic. The verges of catastrophe are indeed very near. Well, Reality as man must observe and hold it is in the nature of gravity. Purpose ... ah, purpose may yet be far to seek. Reality, the guide to search, is an aspect of structure.

As his mind cooled from the sunspot heat of his more sudden inspirations to these milder and more familiar conjectures, he experienced the sensations of a fervid alchemist who turns from crucible and furnace to fling open a window to the broad aspects of the sky.

Truth consists in recognition. There is an order in the universe which is real and which can be come by in all honesty simply by taking heed of the facts. Facts will never bend to fit the contours of a wish. Truth flows as all things flow; it is the inscription of reality at the rate of its discovery.

John Glave was comforted in the yeasty recesses of his mind by such conclusions.

“After all, you can’t cancel the universe by a book entry,” he reflected, as he walked to his home past the Ionic columns of the County Court. “You can’t even cancel prosperity. No lies or restrictions can stem the bore of accumulating power. Britain’s greatness, for instance, resides in her cultural bequest, which is ceaselessly inherited. Her prosperity is a potential only destructible in the sludge of a murdered world. Bad book-keeping distorts; it does not destroy.”

He glanced idly up to where a weathered figure of Justice, with a Botticellian fullness, surmounted the pediment of the County Court.

How often he had sent Form Letters I, II, and III to defaulters on instalment, and if they had not cringed under these whips, had visited the scorpion of Form Letter IV upon them—seven days to mend their penury, or the County Court. He had been in Court, and stood with ceremonial rectitude, and sworn an oath, and made his answers brief as directed. He had seen debtors writhing under examination for daring to eat bread for which they could not pay. Justice presided there.

Justice had a bandage over her eyes, and held scales she could not see, which balanced only because there was nothing in either pan. Her blunt sword had no thrust in it, but pointed meaninglessly upward, impotent against the merest bubble of terrestrial evil.

“There’s the deadly counterpart of Reality . . . the Abstraction,” grunted John calmly. It makes rules, this Justice, as an etiquette for commercial occasions. There is no moralistic equity in the universe as I see it, which corresponds with the morality of financial debt. Debt is a cheat. Justice is no more sublime than litigation. It is but custom pressed into service as a thought-saving device.

I think I have done with abstractions.”

Soon after, John escaped from the pitfalls of accountancy, by being passed on to the Correspondence Department. The business was undoubtedly growing, and it was with great surprise that John found himself very busy, and warming to customers in the formal contacts of correspondence as he never had to figures. People wanted things, and their desires set up a motion of his feelings. It was a pleasure to discern their needs and supply them. A godlike reaction.

His apprenticeship at Correspondence led on with fair speed—a year, to be exact—to his appointment as Sales Manager. Here, he was long occupied with the minutiae of a certain kind of organisation, which, for reasons he did not at first analyse, provoked afresh the impatient turbulencies of his blood.

He had no longer to add up all day, but was presented with piles of ready-made statistics, and was supposed to act as a kind of commercial stethoscope; to diagnose and correct a prevalent epidemic of sales-resistance among the less well-to-do classes.

He had to organise a band of fellow-practitioners who plied the suffering with various, strongly coloured advertising pamphlets, much as an uncertain physician might try out a stock of pills. This hit or miss medicine was followed up by “calls” which were just as diligent and almost as expensive as the visitations of a specialist, and the all-over costs were charged into the Deferred Payments Scheme when patients at last showed signs of life, and coughed up a deposit.

John was thankful that he had no longer to hold the scales of debit and credit like a blind Justice cutting neat little capers. As soon as the goods were safely in the plain van, which concealed the delivery of Deferred Payments, his work was done. It was only his vagabonding mind which followed things further.

“Destination is more important than debt,” he would mutter, as he busied himself with consignment notes. “The work of commerce is to deliver goods where they are wanted. That’s a realistic function which fits my philosophy. But commerce is not doing that. Debt intervenes. Debt is a bad and hindering rule in the mercantile etiquette which we have outlived but not abandoned. Debt to whom? Not to the universe, for the debt of energy is paid during the conversion of material to useful forms. Ah! I have it. Money itself is an abstraction, and someone is stemming the free flux of goods with a bag of rules.”

The pin-stripe dignity and responsibility of Sales Management steadied up John Glave remarkably. He no longer ran a temperature at the onset of a vagrant idea. Instead, he looked peeringly at a world which had somehow gone a-gley for lack of an organisation that worked to the satisfaction of people. He became conscious of another heat, the friction between himself and the framework of his own labours, the perpetual friction between men of free spirit and their institutions. For some reason he was a sales bully, and he wanted to be a distributor because he had tasted the delights of service.

He began to take a deep interest in organisation, which he now perceived as a means to an end. One must have a clear-cut view of the end, and then, if it be possible in the realms of nature and mankind to reach it, organisation is but a chart, a way through the grass, a lift with press buttons.

With his itching thoroughness and curiosity, John dug down to the beginnings of organisation. He studied chemistry and physics, and found he was exchanging the extravagances of his youth for amazements no less real than those he had encountered as a boy.

How often he had played youth’s game of minification, and parachuted on a thistledown, passing a bee here and there, and putting his fingers in his ears to stifle the roar of its wings . . .

That was some sort of preparation, but no minification could lead him now to the tiny theatre of the atom. Even imagination was aghast at a minuteness so shrunken as to be lost in the blur of a bending light wave. John found, however, that as imagination was leashed, a passion to understand dilated in his mind. His respect for the universe grew as he slowly overtook the findings of atomic physics. He followed thought by thought those certainties which are beyond the reach of common sense; the speed of the electron, the distances of the nebulae, indescribable truths expressed in the quaint, compressed language of mathematics.

On one memorable holiday, by a stroke of fortune, he spent his days in a research laboratory, and saw X-ray pictures of atomic patterns and the molecular lattices of crystals. He perceived order, order, order, due always to the inherent qualities of things. No abstractionism, no coded behaviour, no lies; in the end no “law” except the *élan* implicit in the energy behind all appearances.

He worked out the number of atoms in his body, on an average of atomic weights, after he had stood on a scale and found that his plumping person turned 10 stone 7 pounds.

“Oh, dear!” he gasped, as he looked at his answer, 4,350,000,000,000,000,000,000,000. He grasped the idea of association in nature, the linkage, the organisation by which an astronomical series of units became the palpitating corpus of John Glave.

Daily he stared at the crude figure of Justice, but could perceive there nothing but a summary of unexceptional experiences used as a yardstick to measure the deviations of exceptional events. Justice as we practise it, he reflected, is a perpetuation of precedent, but life is an overleaping of precedent.

Somehow the word “life” salted his mind with the savour of a fresh enquiry. Life was the universe at adventure in its most outreaching way. Life was purposive, flexible, the vehicle of unending experiment. The first life that broke from the colloidal slime was the doom of precedent, for it was something more than an ordering of elements out of chaos. Since then it had accreted ceaselessly; sense, instinct, intelligence, self-consciousness, will. The sovereign attribute of will, the echo of a primal creative power, was the key to the future, and it turned in the wards of life. For will belonged to man, and man had not accepted his environment but created a new one.

Encouraged by new zeal, he read biology in search of the springs of power.

It took a year and more to conquer a strange nomenclature, and to reach what for John Glave was the core of the matter. But at last he penetrated to the shy hermitages of life, to the single cell where life weaves her patterns, and where in orderly disorder nature roulettes for the next move forward of life with the stacked counters of heredity.

With his vivid and dramatic imagination he seemed to witness, and even experience, the slow climb of life from the fissioned protozoan to the nation of associated cells which sustained his own life, and was in some quaint way the vessel of all his faculties and racy, fervid emotions.

But the miracle of minified engineering which was to him the final revelation, the thing that seemed to confer freedom upon life from its outset, was the chromosomatic development of the germ cell. He learned about zygotes, and genes, and the cat's-cradling of chromatin threads in the tiny, turbulent confines of the cell. At last, by the fortune which waits upon the seeker, he peered at the drama of creation through the lenses of the ultra-microscope. Here life came by its chances and appeared as a whole thing, working out in the free individual the infinite permutations of character.

He understood what can be understood of life; that it is prodigal with a wide excess, not parsimonious with "moral" intention; that it rises from the individual cell, wherein the destiny of an organism is prefigured without rigidity in the shuffled pack of hereditary units; that it is elaborated to a vast association of atoms into cells, cells into organs, organs into the whole creature, wherein a unifying joy enters on the tide of health, and exceeding joy at the last in the dignified figure of man, questing, willing, making all creation plastic to his own creative forces.

At last he had reached an end. His faith derived not from an unguided plunge into the dark, but from a firm and clear conception of Reality.

John Glave had reached the simple faith that life itself is the real standard of wealth. Whatever serves the purposes of life and makes for happiness is valuable; whatever hinders life, ties it down, crushes its zest or limits its powers is evil and waste. The purpose of life, so far as it is discernible, is towards abundance, towards freedom. All history, written and unwritten, is the tale of an escape from meanness, an unending delimitation. Life is a sloughing, a breaking of shells, a prodigious leap to greater and greater freedom.

But John perceived clearly that something stood between this motion of human life towards freedom, and its goal. Something subtle, like a clash of wills, which menaced the free development of society.

He saw poverty, scrambling competition, war, as defeats of the universal will instead of fulfilments of it. The sane will of mankind had somehow lost its thrust. Plenty for all was the consequence of the protracted policy of generations, but poverty persisted bitterly and cruelly, though scarcity was overcome. All antagonisms, up to the wasteful futility of war, were the products of insecurity in a world finely equipped for security by the toil and triumphs of the creative race. Everywhere John Glave saw men fastened to unwanted projects, ruled by their own institutions, iron-bound to outmoded convention, educated into precedent.

What could he do? It was a bit bewildering to enter upon a kind of ministry of life. But the issue clarified as he observed men and their institutions locked in a struggle; men chafing against systems and codes and planning governments; institutions forever seeking to restrict freedom, to impose labour and adjust niggardly rewards and punishments, in flat contradiction of the leisure and security which were the real outcome of the long travails of society. What men were really engaged in was war for happiness, happiness the flower of right and dignified action, the true motion of life as a whole towards the most satisfying destiny it can compass. For happiness is not a moral value. It is an absolute value. It is probably the completest statement possible in human language of the otherwise untellable purpose of life itself.

So, wherever he saw life clumsy and stifled, he strove for its order and freedom. In the end, he saw his first duty as a dedication to the cause of economic security (the deadly earnest lesson of sales management). This is the highway to the valid freedom of men, and through them of the race, whose end is in a city like a far-off perfect pearl, upon whose splendid walls the sun has hardly risen yet.

John mopped his brow as he thought of the perfect pearl, as remote from the feudal junk of today, as remote from the slagheap and slum, as the millennium. It was a touch of the old fever that, for a dreaming moment, set his feet in

the unborn city. But one man dreams of an end, and others reach it.

Even sales management fitted into the mosaic of this new, religious life. To sell was in some sense to serve. But his self-appointed ministry was to help other men up of their own might, to the peak of their native powers; to use his vision of reality to direct men's striving so that, without knowing altogether what end they served, the man and women he met should be strengthened to take hold in all the humdrum ways of life, of the will to happiness and freedom of choice by which the purpose of human life is served. It is not enough to survive. Men must learn to get what they want; not to long vainly for peace, and beauty, and security, and honesty, but to demand those ends of the institutions which are the instruments of a united will.

John Glave had no doubt or distrust of the essential aim behind the spectacle of human progress, or any doubt of ability to reach it. History, apart from the history books, does not reveal a search for a policy, but a search for a technique to carry the common human policy onward to the ever-narrowing point of perfect realisation. Ahead is the kingdom of healthy, lusty individuals, free, as the universe is free, in a pattern of perfect associations.

John Glave, aware that the final destiny of mankind is unknown, had yet found a footing on the rock of Reality. He was a happy man.

A Note on "Economic Democracy"

BY R. L. NORTHRIDGE

UP till quite recently most of the friends and probably all the enemies of "Economic Democracy" have elected to regard it as primarily a book upon economics. Probably all serious students of Social Credit have, at one time or another, read the book with some care and no doubt many would be prepared to assert that they have thoroughly mastered the contents. They may, of course, be entirely correct, and in any case there were probably adequate reasons for the preoccupation with the economics; the point is that they do not remain adequate forever, and a proper evaluation of the sociological background seems overdue. The economics have been developed at length elsewhere, and have had relatively more than their fair share of attention.

Moreover, a preoccupation with the economic analysis and proposals has the effect of putting the cart before the horse. To say: "Adopt such and such economic reforms and you will have a society like this," is to decide upon means before selecting the end to be attained; it opens the door wide to error and argument at cross purposes, and invites an endless wrangle over method when the real disagreement or misunderstanding may be rooted in the objective. It is also to limit Social Credit propaganda very largely to those persons who are interested in economics.

By the test of space occupied, economics is a poor second. Of chapters one to six, devoted to a destructive criticism of the present state of affairs, only five and six deal with the flaw in the price system, although here and there in the preceding pages it is rather more than hinted that "Economics is the key to this modern riddle of the Sphinx." Again, of the last six chapters, in which the outlines of a real democracy are sketched, only Chapter X is definitely and predominantly economic. And the best-known statement of the flaw, the A+B Theorem, is nowhere upon view as such, although it is implicit in Chapter V.

It is, of course, merely platitudinous to say that the social philosophy expounded in "Economic Democracy" is based upon the freedom of the individual. In any case, that freedom has first to be provided, or at least the principles and methods of its attainment clearly set forth, otherwise the remainder of the argument becomes a mere Wellsian peep through a keyhole into Utopia with, as usual, no key. For we live in a world that depends for its very existence upon the subordination of large groups to the will of one man. A railway operated with the idea of individual freedom for its personnel would provide, to say the least of it, highly uncomfortable transport, and the efficiency of any factory run upon like principles would drop perilously close to zero.

"Economic Democracy" is concerned primarily with just those principles and methods that are required to make individual freedom a practical issue; the administrative distinction that supplies the key is an "absolute freedom of

choice, not of conditions, but as to whether those conditions are acceptable” (page 85*).

*References are to the fourth edition.

The compactness of the statement makes it difficult to realise its importance; whole books have been written upon lesser texts. It goes deeper than any economic reform—freedom of choice implies an assured income but, unless it is correctly qualified, might well wreck the productive organisation that gives the income its value.

“Conditions” are a matter for the expert, being an integral part of technics, and are laid down by him in the interests of efficiency as he sees it: the individual, without the necessary training or access to the relevant data, must not be allowed to meddle. Railway porters, for example, cannot usefully be allowed a voice in the timing of the trains that pass through their particular station. On the other hand, the individual, agreeing in general terms with the objective, accepts or rejects the conditions freely. If he accepts, he is under orders for so long as his acceptance lasts; if he rejects in sufficient numbers, he forces a modification of the conditions. In other words, the individual is not to control the expert *in the expert’s own sphere*, neither is the expert to control the individual *out of that sphere*. That is the distinction that makes possible for the first time a workable democracy, and its importance cannot be too heavily stressed. “It is vital to devise methods by which technical co-ordination can be combined with individual freedom” (page 29).

The same idea is elaborated in a further passage:

“It may not be out of place to emphasise here the radical difference between administration of process and administration of policy. Policy is the end for which we strive; process, the means by which we hope to attain that end. Since industry is now essentially co-operative, policy is a matter of public concern. But process is individual and technical; and it is highly probable that its administration is far better founded on technical capacity combined with individualism” (page 94).

Here is a clear statement of the difference between methods and results, between process and policy, and a declaration that the former is a matter for the expert (“technical capacity combined with individualism”) and the latter the province of the individual members of the public. “A system not dissimilar from the existing Shop Steward system, but with its members acting in the role of Citizens and not as Artisans, might control *policy* absolutely, i.e., increase or decrease programmes of production and efficiency, etc., without interfering or having any possible incentive to interfere in direction or function” (page 116).

In view of a tendency to regard these aspects of Social Credit as recent developments, it is extremely salutary to find such principles contained in “Economic Democracy.” It is rather a come-down to discover that what was greeted, at Buxton and in the later speeches, with that latent hostility and mistrust we habitually reserve for anything new, had actually been stated in principle, for those with ears to hear, more than fourteen years earlier.

The proper relation between the individual and the expert is effectively illustrated on page 98. “We say, and it is only now that it is faintly contested, that he who pays the piper calls the tune. The idea that it is the hearer who is primarily concerned in the tune, the piper primarily in the instrument, and the payment a mere convenience as between the two parties, is so novel to large numbers of unthinking persons, that it is only natural to expect violent opposition to the world-wide efforts being made to reconstitute society on these very principles.”

These are the principles, and the A + B Theorem, the Price Factor and all the other economic matters so long put forward as the ultimate truths of Social Credit, are merely technical developments and methods of implementing the underlying idea. It is highly important to know exactly what we are about, if success is to be achieved, and there is no better means than a study of “Economic Democracy.” The intellectual reward is out of all proportion to the length of the book, but that in itself constitutes a danger. The habit of perfunctory reading we have all formed, in self-defence against the hyperactivity of the printing presses, must be rigidly checked if any benefit is to be expected.

The Policy of a Philosophy

By C. H. DOUGLAS

FIRST of all, may I express my great pleasure in being able to talk, not to a general audience, but to a company of friends. That is a special pleasure which, on purpose, I have not very frequently given myself, because there is not very much sense in talking to the converted, and it is a harder and more difficult job sometimes to talk to a slightly sceptical audience. But this is a pleasant occasion, and I am very grateful for the opportunity.

I am not sure that Dr. Tudor Jones* has not rather set the pace too hard, for I don't know that anything that I am going to say to you is of transcendent importance. It is very largely a question of emphasising things which, in one way or another, you know probably fairly well at the present time, but which, like so many other things connected with this subject in which we are all interested, have certain very subtle emphases. I have come to the conclusion, and others in the Social Credit Movement, so-called, have come to the conclusion with me I think, about these very slight differences of understanding—the very slight differences of emphasis one may place upon certain things which are quite familiar in one form, but which if you put a slightly different emphasis on them, appear in a different light—that it is, indeed, in this different emphasis that the most important thing which we have to contribute may be said to reside; and to begin with I am going to define two words which will be used a good deal in what I have to say, and a good deal in what you all have to do, and the first of them is “policy.”

* Dr. Tudor Jones was in the chair.

We have had a certain amount of correspondence in regard to the use of this word “policy,” and it is not a bad thing, I think, to go back to the etymological roots of a word; it may not lead to anything, but sometimes it does. Policy is allied to “police” and has, I think, much the same meaning. The just, original meaning was that it was civil government applied to a recognised objective. There is a meaning of objective, a strong essence of objective, in the word “policy.” It is not merely administration. It is actually, if you like, governmental action, but it is action taken towards a recognised and conscious objective, and it is in that sense that we use the word “policy”; it is a little more, but it comprehends and comprises the word objective.

WHAT IS RELIGION?

The second word that I am going to define, for my own purpose if you like, is the word “religion.”

Now the word “religion,” again going back to its etymological derivations, derives from a word meaning to bind back; it is related to the word ligament, and so forth, and sometimes it is defined as meaning to bind. Well, it obviously would have a slightly unpleasant flavour if you defined it as being to bind, but I think that the agreed definition, its original meaning, was to bind back. In the sense that I am going to use it, and, I think, correctly, the word religion has to do with a conception of reality. It is the binding back either of action, or of policy—particularly of policy in the sense that I was using the word policy—to reality. In so far as it means to bind back, to bring into close relation again, and in that sense I am going to use it, religion is any sort of doctrine which is based on an attempt to relate action to some conception of reality. It does not necessarily mean, for instance, that your conception of reality is a correct one, but it does mean that you are postulating that there is something to which we refer as real, and you are basing your policy upon that reality.

Not very long ago, a very competent member of the Social Credit Movement, in whose opinion I place great faith, said he thought the morale of the Secretariat and, on the whole, the Movement which was closely associated with it, was extraordinarily good, but that he thought the morale of the Social Credit Movement in general was bad, and he wanted ultimately to consider that state of affairs, from what it arose, and what could be done about it. Well now, first as to the facts. A little later I shall come to one more definition—of what we mean by Social Credit—but first, as to the facts.

In a great many people's minds, Social Credit is a scheme of monetary reform, and the explanation of why any scheme of monetary reform at the present time is having rather heavy going is, of course, because we are all suffering under a wave of so-called “prosperity”; and obviously, if your conception of Social Credit is that it is merely a scheme of monetary reform, you will follow the curve of monetary reform. When things are bad monetary reform is always on the upgrade, and on the downgrade, at any rate temporarily, when things are a little better, and although I think we should all agree, those of us who really know anything about the position of this country, that there is a great deal more hot air than prosperity at the present time, the fact is indubitable that, through rearmament, and things of that kind, there is more money being distributed and people are better off. I think it is very patchy, but at the same

time there is such a state of affairs; so that in the narrow sense of a scheme of monetary reform, it is perfectly easy to see why, just at the moment, we should not be especially progressive or making the headway, perhaps, that people think we ought to make. But, in my opinion, it is very superficial to define Social Credit as being merely a scheme of monetary reform; and this is where the definitions I insisted on come in to some extent.

Social Credit is the policy of a philosophy. It is something based on what you profoundly believe—what at any rate I profoundly believe, and hope you will—to be a portion of reality. It is probably a very small portion, but we have glimpsed a portion of reality, and that conception of reality is a philosophy, and the action that we take based upon that conception is a policy, and that policy is Social Credit. It is in fact a policy based upon a philosophy, which is, incidentally, why, in many cases, it is no use arguing with people about the technics of Social Credit, because they don't agree with your philosophy; often they don't even understand it, and, therefore, what you say in regard to policy and technics sounds like a loud noise to them, chiefly without any sense; and the best thing to do in the circumstances is, of course, to agree to differ.

UNITY OF PRINCIPLE OR FREEDOM OF CONSCIENCE?

About the middle of the 17th Century we had a Civil War in this country between the Stuarts, who were the protagonists of a theory of the Divine Right of Kings, and the Roundheads—the Whigs and the Puritans. It is a very unfortunate thing that very often the best causes have the worst protagonists, for probably there could not have been worse protagonists of what in one particular sense was a very sound thesis, than the Stuarts. I am not going to suggest that there is any reality about the Divine Right of Kings, because, whatever there may have been in antediluvian ages, no one would be foolish enough to suggest that now. But the point I want to make is this: It was a perfectly logical proposition to have a civil war about the Divine Right of Kings, and the State Church—the particular sort of church—and even to have an idea that the King could impress a religion upon the country, and at the same time have a particular policy.

If there is one thing which seems to me beyond dispute, it is that you cannot have a policy (here I use the word again in the way in which I have defined it), the policy of a country, policy of a race, or of a nation, without having a philosophy behind it. You cannot have a bridge without a model and drawing behind it, or without having had a desire to have a bridge. You might as well say the Sydney Bridge just grew, although nobody had ever said they wanted a bridge. I am absolutely convinced myself that there must be somewhere behind the policy a philosophy, or you cannot have a policy. Now, if you remember, the religious aspect of the Civil War was freedom of conscience, so-called; in other words, you were to be allowed to have, and rapidly did have, under the Protectorate, 57 religions, all different, and the only reason that you did not have 570 religions was that people could not think quickly enough. I am not saying that any one of them was either right or wrong; I am not interested. The rather subtle point I am trying to make is this—that the philosophies in the mind of the people in the country became completely chaotic, and that left the way open to the dominance of a philosophy which was not any one of them. I am not suggesting that the philosophy before the rise of the Protectorate was a right philosophy. What I am saying is that the attempt of the Stuarts was to have a unified principle behind their policy, and that it was completely offset under the plea of freedom of conscience, out of which there could not possibly come a coherent policy, nor did there.

GREAT BRITAIN A PAGAN POWER

The rise of the Protectorate, as, of course, we know, was financed by Manasseh ben Israel; and the first Act of the Protectorate was to readmit the Jews into England, which might have been a sound thing if the Jews were not primarily financiers, but it had the undoubted effect of elevating Whiggism, which, with one very short interval, that of the Restoration, has been dominant in this country ever since; and Whiggism is abstractionism. I am not here as a protagonist of Christianity (in fact, I am eventually going to talk about “Local Objectives,” and I am getting there, though you may not think so), but Whiggism is abstractionism, and this country, which is allegedly a Christian country, is probably the greatest exponent of abstractionism as a national policy in the world today. The whole of our protestations as to the way in which we govern our actions allege it to be Christian—as I say, I am not here as a protagonist of Christianity, I am looking at this from a very different point of view—but our actions in this country—our penal system, our industrial system, our methods of dealing with criminals and our methods of dealing with business—actually have no relationship whatever to Christianity or anything which could remotely be related to it.

Our policy, so far as it can be defined (and the policy of this country, by common consent of all other countries, is the most difficult to disentangle) is related philosophically to the adulation of money. Money is an abstraction. Money is a thing of no value whatever. Money is nothing but an accounting system. Money is nothing worthy of any

great attention, but we base the whole of our actions, the whole of our policy, on the pursuit of money; and the consequence, of course, is that we become the prey of mere abstractions such as the necessity for providing employment. That is where Whiggism is so successful in that it puts forward in a moral form something which it is extraordinarily difficult to disentangle from its slyness, something at which, in fact, it is not really aiming. What is being aimed at, so far as you can put it in a few words, is a pyramidal slavery system by which people are kept in their places, and it is done by elevating things into rewards, and giving them values which do not exist. For instance, take the Honours system in this country. Anybody of common sense knows that these “Honours” are often bought with a cheque. Well, there is nothing honourable about buying honour with a cheque. That is abstractionism—pure Whiggism—giving to a thing qualities which it does not possess.

You may remember, of course, that after a short interim when the Stuarts came back again, and there was the orgy of the Restoration, James II finally disappeared and William and Mary came to the throne as nominees of the Whigs. Well, their first action, practically, to which you can attach any importance was the foundation of the Bank of England in 1694, and from that time, of course, we have been happier and happier every year! And that brings us to the present time.

THE INDISPENSABLE SANCTION

Now, I said to you at Buxton that you had to have a mechanism by which you could bring the desires of people to impinge upon the organisation through which things are done—and the organisation through which things are allegedly done, or could be done, in this country, is the Parliamentary system. But you have to recognise (and this is nothing fresh to the people I have been inflicting my ideas on more closely for the past few years) that you have to build up in some way or other something which will prevent a state of affairs coming into existence whereby, when you have, by the efforts of a few devoted people, shall we say, got together all the signatures which are necessary to place pressure upon the House of Commons to make them do what you want, you can be frustrated by a change in the rules. The danger which I have always foreseen, and which under certain circumstances would be inevitable, and even mathematically certain, would be for them to say: “All right! you have got to the position where you can get what you want, so now we’ll abolish the Parliamentary system.”

Behind any mechanism, you always have to have a sanction. It is the sanction which is the important thing. If you have the sanction, the mechanism can always be devised. You have, in the Electoral Campaign, the mechanism which will deal with the Parliamentary system, but you have no sanction to prevent the Parliamentary system being abolished, and a new dictatorship set up. We should be lacking in judgment if we were to go forward without doing certain things along parallel lines. This does not in the slightest degree detract from my inflexible opinion that we have got to push the Electoral Campaign right through, but we have to make sure that when we have won the game under the rules of the game as they are at present, the rules are not changed.

In one of those dreadful books which are always being quoted against me—“Credit Power and Democracy” or some other—I think I said that the essential nature of a Social Credit state was a democracy of consumers accrediting, and being served by, an aristocracy of producers. Now, that is the materialistic aspect of certain relationships on which we think we have claims in reality, and I don’t want you to take my word for it, but to consider it for yourselves whether, in fact, in the world that is working today there is anything working successfully which does not really work along these lines. Nobody knows of a successful democratic producing concern. There is no such thing—or at least, I have never heard of it. It certainly does not exist in the Co-operative Movement, or in the Labour Movement. On the other hand, we have working today, to a certain extent, with powerful reservations, a democracy of consumers. The democracy of consumers is not properly financed, but it is a fact that no producing concern can go on producing against the inflexible dislike of all its customers; to put it plainly, it cannot sell its goods, so it goes out of business.

THE POWER TO MAKE DECISIONS

Examine that statement for yourselves. Does it appear to be, and is it, in fact, in the nature of things that all producers must be hierarchical, that you must have a grade of precedence in all people employed in producing, so that you can always get a decision, so that there is always the possibility of a decision? Anybody who has any experience of very large undertakings will probably know as well as I do, and I have some experience of large undertakings, that the whole problem of making these undertakings successful is to devise a method by which you get quick decisions. That is where the big undertakings in this country, such as the railways, are unquestionably failing at the present time. The distance between where things happen and the man who has the power to say, “Do this about it,” is too big.

There is too great a length of time before decisions come through; that is the great problem, and in order to solve it you have got to have hierarchy combined with the power to make decisions quickly. Now, it goes without saying that if you are going to devote a very considerable proportion of the lifetime of people to the economic process, as we do at the present time, though I hope we shall not continue to do so, you must have agreement on policy. We have all been over this before and know, therefore, that it is in the region of policy that democracy has its proper function, not in that of method, or, as you might say, production. Now we are getting a little nearer to the Social Credit Movement and our various objectives.

Whilst what I have been saying has received, at large, a certain amount of lip service, when it actually comes to doing something about the Social Credit Movement—and you must remember that actually doing something about Social Credit falls quite naturally into the relationship of producer and consumer, just exactly as everything else does, because when you have got to do something everybody cannot take executive positions—you have got to have this fundamental relationship, which is one of the primary conceptions of the policy of Social Credit. That you must have policy democratic and execution hierarchical is one of our fundamental conceptions in Social Credit; yet when we actually come to the point in which we are doing things, quite a large proportion of the Social Credit Movement falls into the misconception of producer and consumer exemplified by an American baseball crowd, when “a good time is had by all” telling people second by second exactly what those on the field are doing and should do, and how much better those sitting in the stalls could do it than those who are playing. I don’t complain, because, as a matter of fact, I have nothing to complain of—far from it; but I am simply pointing out that in my opinion, to get a thoroughly sound morale right through the whole of the Social Credit Movement, this conception which is one of the first and most elementary conceptions of how things can possibly be done, how it is in the nature of reality for things to be done—has to be grasped first of all. If anybody can show me a single true exception, in industry or even in games, in which that conception does not stand, then I shall be very pleased to reconsider my views.

Now we are getting still nearer to what we call Local Objectives. The object of the Local Objective idea is at least threefold, but if I have to place emphasis on one aspect of it more than others, it is that it is a discipline, or an exercise. You will remember when I seemed a long way from the subject of Local Objectives that I said you could not have a policy without a philosophy. You could not have a country which was pursuing a consistent policy unless somewhere at the back of it there was a consistent philosophy. Now the first part of this policy based upon a philosophy that I should like to see driven home is the reality of this relationship between the people who are doing things and the people who are empowering them to do them, and I myself cannot see any better way than trying if it works. It is a well-known proposition, amongst engineers in particular, that when you are trying something which is in some of its aspects novel, you want to try it on the smallest scale you can to begin with; make a model of it and see how that works. First make a drawing, then a plan, and if it does not work well on the model, alter the model until it does work, and in doing that, you will not only find out that you can do certain things, but you will get into the minds of the people who do things in that way the absolute certainty that they will always succeed if they proceed along these lines.

THE RIGHT USE OF TOOLS

The Local Objective proposal, then, is in no sense something to replace the Electoral Campaign. It is something which has, as I say, several aspects. In the first place, it gets something useful done. You pick out a local objective which wants achievement, and then you definitely train yourselves to achieve that objective in a particular way, by the tools which on a small scale are those which could achieve the results you desire from the Electoral Campaign; and when you have got a sufficient number of people to believe in the only way that belief is useful—that is to say, belief founded on successful experiment and knowledge—they will not tolerate a change in the rules of the game on the larger scale of the Electoral Campaign to which ultimately you will have to address yourselves. It is only by getting this knowledge, the knowledge which is gained by discipline, and thus only by accepting this discipline, that you will become strong enough to carry out a successful objective on a large scale—only by a knowledge which first of all imposes upon yourself the grasp of the fact that you must succeed if you will first of all be democratic about your objective, let us say, to have a lamp post moved from one side of the road to the other, and get people together to say: “We will have this done, and will resolve ourselves into a firm body and give orders for getting that lamp post moved from left to right,” and thereafter leave the technician to do the job in his own way. You will succeed, I am absolutely convinced, and having succeeded, you will say: “This is the goods—if we can do it in this little thing, we can do it in a bigger thing, and when we do it in a bigger thing, we will not have the rules of the game changed.”

ONLY RIGHT ACTION MATTERS

That really is all I have of great importance to say to you. There is nothing new about it. What I feel is that we have got to the stage in which we must get out of a great many people's minds the idea that Social Credit is an unlimited license for what the Americans call a "free for all," that in some extraordinary sort of way, by uttering the word "Social Credit" or saying "I am a Social Creditor," or saying "finance is rotten" and so forth, you can achieve the millennium. You cannot achieve the millennium any more than anything else which has been achieved, except by taking action along lines which will achieve it. All that you can say about Social Credit, either in its monetary aspects, or in these aspects I am discussing tonight, is that we see—and I profoundly believe that we do see—just a little bit of the way in which the universe does in fact act. We see, through the adulation, what the nature of money is, and knowing the nature of money, we know what we can make it do, and what we cannot. Our power is largely in this fact that we know a little, or believe we know a little—and the sort of belief, which made people fight for religious conviction in the Civil War, is an important thing. Then the important thing was not that the religious conviction was right but that they believed in it. The trouble now is that people don't know where they are going, nor how to get there.

We have something we want to achieve, so we have to get into our minds a conception of the mechanism of the universe in order to use that mechanism; whereas, of course, the average man in the street, including the average politician, the average statesman, and the average person, does not even know where he is going, much less how to get there. That is one of the chief explanations of the chaos now, and it leaves the way clear to those who have a conception of the world they want. So long as they have a clear-cut conception, together with the use of the organisation which alone can achieve success, and which is actually working in the world, they will continue to be the force which imposes present policy on the world. That is why the system stays, that is why it achieves the results it does in the relationship between the democracy of policy and the aristocracy of the producer. That is why our present financial and monetary system holds together. If the consumers struck, if it were possible for every consumer in this country to buy nothing for nine months, the whole economic system, of course, would collapse, and you could make any new one that you wanted. It is the relationship which keeps it together, and you have got to recognise that relationship.

Our new 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 that the world holds, because you will have the sounder philosophy, and, in that philosophy, a better policy.

Mr. Hawtrey's Giraffe Part III. *

BY W. L. BARDSLEY

*Part I appeared in June 1937. Each part is complete in itself.

(AUTHOR'S NOTE. —*The last section of this article is inspired partly by Mr. Hawtrey's book* and partly by a curious sort of dream about the receipt of a letter marked O.H.M.S. This might happen to anyone, of course, but the contents of the letter, in the dream, were unusual; the words left a vivid impression, together with that tantalising feeling, often observed in dreams, that one had read them before; they went something like this: "Dear Sir,—Could you and I, with fate, conspire to grasp this sorry scheme of things entire, would we not shatter it to bits, and then remould it nearer to the heart's desire? I have the honour to be, sir, your obedient servant, R. G. Hawtrey."*)

*"Capital and Employment," by R. G. Hawtrey (Longmans, Green, 15s.), which is the subject of this review.

VII

SIR WILLIAM BEVERIDGE, relinquishing his duties as director of the London School of Economics last summer, gave a most illuminating farewell address on the place of the social sciences in human knowledge. He deplored the lack of recognition, either by men of affairs or by scientists in other fields, of the authority of those who taught such subjects, and he attributed it in part to failure of the public and of "other scientists" to understand the nature of

economic problems. The engineer, or any other technician, he said, considered alternative means of meeting a given need, whereas the economist described and explained the behaviour of mankind in the use of scarce resources. This reason for the general indifference towards economists, he thought, was not their fault, but he did blame them for their frequent failure to be scientific in method, and in particular for their neglect of observation of facts as the basis of theories and as the control of theories.

Most economists who essay to criticise the economic analysis and synthesis of Major Douglas content themselves with a confused, elaborate, and inaccurate struggle with their *pons asinorum*, the A + B theorem, reminiscent of a kitten's examination of a ball of wool, from which they eventually emerge, dishevelled but nonchalant, crying, "Having demonstrated the fallacy of the A + B theorem, upon which the whole argument of Major Douglas rests, there is no need to give serious consideration to his proposals for 'reform.' They amount to nothing but the unlimited issue of paper money, unbacked by gold, leading to uncontrollable inflation."

Mr. Hawtrey is made of sterner stuff. Undismayed by the hopeless tangle he has created, perhaps unaware of it, yet determined to be thorough, he plunges doggedly into the welter of his own argument and endeavours to show the fallacy of the National Dividend and the compensated price. The easy precedent created by his fellow economists would fully entitle me to say that the complete failure of Mr. Hawtrey to understand, much less to demolish, the A + B theorem makes it unnecessary to reply to his equally inadequate effort to discredit the constructive proposals. Indeed, to do so in seriousness would take another three articles, for it would involve a repeated reference back to the fallacies of his earlier arguments, which have already been demonstrated in the previous articles.

Fortunately for everybody, Mr. Hawtrey, by his portentous disregard of facts, permits me to dismiss the whole of the second part of his argument in a few paragraphs, and for this, if he regards it as embarrassing or cavalier, he has, as Sir William Beveridge points out, only himself to blame. And so he enables me to devote the space available to more constructive effort in the region in which, according to Sir William, he is not to blame.

First, in the matter of imperviousness to facts, is the astonishing ignorance, or apparent ignorance, of what Major Douglas has actually written in his books. By his references Mr. Hawtrey infers that he has read, he certainly quotes quite accurately from, four books: "Economic Democracy," "Credit Power and Democracy," "Social Credit," and "The Monopoly of Credit." Perhaps they were very mutilated copies which came into his hands—this theory takes hold of the mind as one reads Mr. Hawtrey's pathetically helpless expressions when confronted by some of Major Douglas's remarks. He conveys an impression that would be entirely appropriate to someone who had excavated a desert and dug up an incomplete and broken set of tablets engraved with portions of the four books enumerated. "If only," he seems to be thinking, "if only we could dig up the other tablets, we might be able to piece together something really important." Something of this bewildered groping can be gathered from a few sentences such as these:

"Is this a mere error, an inadvertent transposition . . .? And this throws light on the meaning of 'credit created' If this interpretation is correct No method of measuring real credit is suggested But we are given no reason to link up the subsidy and the Just Price [sic] with the rest of Major Douglas's theory"

Now the fact is that full and complete editions of all the four books to which Mr. Hawtrey refers are available.* A little closer study of them is due from Mr. Hawtrey before any student of Social Credit should be asked to take up the task of correcting him. He must really eliminate a lot of errors due to loose reading first, and he must get some hold on facts. Nobody, outside a philosophical debating society, can possibly give serious consideration to an argument which contains assertions such as the following:

*In the British Museum.

"And the idea that, even if all restrictive practices are discarded, an indefinite amount of inflation can be met by an indefinite expansion of output is a fallacy."

And while one is wondering to whose idea he may be referring, Mr. Hawtrey is busy preparing a knockout. This is it:

"Credit is a term which for some people assumes an almost mystical significance, and Major Douglas draws a distinction between financial credit and real credit, real credit being the correct estimate of the potential capacity to deliver goods. But in ordinary parlance credit is simply another name for debt."

That credit is a term which has aspects, which are mystical, no one, surely, could deny. The first definition in the Oxford Dictionary is “belief, trust,” words of intense mystical content; yet, unless I am mistaken, Mr. Hawtrey’s first sentence is intended to be slightly derogatory of somebody. Major Douglas? Certainly Major Douglas shows himself fully aware, in his works, of the mystical content of the term credit, and of many other terms, but being a practical engineer he prefers to deal in the determinate aspects of the matter, as in his definitions of financial credit, which Mr. Hawtrey omits, and of real credit, which Mr. Hawtrey garbles.

Financial credit, which Major Douglas defines as a correct estimate of capacity to deliver money,* should, in his view, be a reflection of real credit, which is a measure of the capacity to produce and deliver goods and services as, when, and where required. Perhaps Mr. Hawtrey believed he had correctly condensed this definition (it is difficult to condense definitions made by people with engineering training), but that does not excuse the introduction of the word potential. *Potential and actual*, please, or leave the word “capacity” unadorned.

*Anyone who has worked in the credit estimation department of a moneylending institution must be struck by the descriptive accuracy of this definition of a term which has baffled other famous economists besides Mr. Hawtrey.

Which brings me to Mr. Hawtrey’s own definition of credit, which he says is simply another name for debt. Well, that may be mystical—it certainly is not fact. The idea may account for a lot of things that go on at H. M. Treasury; it may even account for a National Debt of £8,000,000,000; but it certainly excuses me from further argument.

VIII

Instead, I am going to concentrate my attention on one of those really charming emanations from Mr. Hawtrey’s subconscious which make me feel that he would be a good chap to be shipwrecked with. He . . . but first of all look at what he says on page 311, in an “examination” of the compensated price mechanism, which he playfully refers to as “the subsidy,” or “the abatement”:

“If a hundred million razor blades are supplied at 3d. each, the community [bless him!] spends £1,250,000 on them. If they can be supplied at 3d. a hundred the demand may be doubled,* but still only £25,000 will be spent. That process does not help to meet the excess of demand generated by the subsidy; it actually leaves a greater amount of demand to be absorbed in other directions.”

*Speaking strictly for myself, as a painfully but manfully economical shaver, I feel that this is an under-estimate. W.L.B.

This brief illustration is indicative of the difficulty of dealing with Mr. Hawtrey’s brand of argument. It is supposed to be a comment on the compensated price mechanism, and as such it calls for a mental effort similar to that of an adult who is trying to follow a child’s description of a scene in a pantomime. This will become clear if the passage is rewritten, using arithmetic which looks less like a mistake in the multiplication table, and using the real (not Mr. Hawtrey’s) conception of the mechanism he is supposed to be describing; thus:

If a hundred million razor blades are supplied at 3d. each, the community spends £1,250,000 on them. With a $66\frac{2}{3}$ per cent price discount they can be supplied at 1d. each, and the demand may be doubled. So while the sellers will obtain £2,500,000 for their increased output, two-thirds of this will be paid by the Credit Authority, and the consumer will pay only £833,333; the difference between this and the total price formerly paid for blades being available for purchase of other goods. This, of course, will not be the case if the demand is trebled or quadrupled, when the benefit of the discount would be restricted to the razorblade market. Of course, the objective of the price discount is admittedly to increase purchasing power, and the individual in any case would seem to have purchasing power over more razorblades, or alternatively the same number of razorblades and more of something else.

Now, speaking as an economist, on page 305, Mr. Hawtrey calculated that at the present rate of capital expansion “the Just Price would be well below 5 per cent.” Speaking as a critic of Major Douglas, on the same page, he complained that he “sometimes puts the abatement in his illustrative examples at 25 per cent.” Speaking as a man and a brother, and giving full rein to his delightful subconscious, Mr. Hawtrey (unless I am guilty of using a multiplication table with a misprint in it—the same he accuses Major Douglas of using) plumps for a discount of 99 per cent in his illustrative example of the razorblades.

And if in the conscious part of his mind he is still rather horrified at the idea of people being left with “a greater amount of demand to be absorbed in other directions,” that is merely because he has been schooled as an economist to describe and explain the behaviour of mankind in the use of scarce resources (for which so great an authority as Sir William Beveridge refuses to blame him). It must be his subconscious which pictures a world where razor blades are, not three, but thirty-three a penny . . .

IX

The following examination questions have been prepared as part of a new elementary textbook on economics based on the novel proposition that the subject is concerned with the behaviour of mankind in the use of abundant resources. The proposed title is “Plenty Without Tears,” and completion of the work will be considered if a satisfactory financial inducement is offered by the London School of Economics. If proceeded with, it will be gratefully dedicated to Mr. R. C. Hawtrey, originator of the ninety-nine per cent, price discount proposition.

Question 1. A party of fifteen men and women are drifting on a raft in the Atlantic. There is no land in sight, and they do not know their exact position. The sun is hot, and one of the party, feeling thirsty and observing that his companions are asleep, helps himself to a drink of water from the water cask, which contains about eight gallons. As he does so his friends wake up and see what he is doing. Describe and explain their behaviour.

Question 2. Fourteen men and women from the same party are drifting in a motorboat on Lake Superior about a year later. There is no land in sight, and they do not know their exact position. The sun is hot, and one of the party, feeling thirsty and observing that his companions are asleep, helps himself to a drink of water from the lake. As he does so his friends wake up and see what he is doing. Describe and explain their behaviour.

Note: The motor boat is luxuriously equipped and boasts an American bar.

Question 3. Describe a simple ticket and accounting system to assist a teacher, who is in charge of a school treat for two hundred children, to effect an equitable distribution of the following:

(a) Two hundred and twenty-five slices of bread and butter, eighty-three rock cakes, ninety-two currant buns, and ten gallons of lemonade.

(b) Ten hampers prepared for the occasion by Messrs. Fortnum and Mason to the order of Lord Nuffield. Use your imagination.

Question 4. You are the proprietor of a small cinematograph theatre with a seating capacity of seven hundred and fifty. In the course of business you have to deal with the following situations:

(a) The box office attendant forgets to replenish his stock of tickets, and reports that he has only four hundred tickets for the Saturday evening performance, but his aunt has some pens, some ink, and some paper. What do you do, and why?

(b) You have a contract with your printer to supply tickets on the basis of seven hundred and fifty seats for each performance. You install an electrical sound-producing mechanism which enables you to dispense with your orchestra, and provide additional seating accommodation for twenty patrons.

What proposition do you make to your printer?

What do you do if he refuses to carry out your instructions?

Bearing in mind that the general productive resources of the country are unimpaired by your actions, what happens to the orchestra?

(c) Your box office attendant, distraught because of his failure to engage the affections of one of the usherettes, absent-mindedly supplies two tickets to every patron for the Saturday afternoon performance.

How do you control the situation?

How are the additional tickets cancelled?

Question 5. Describe and explain the behaviour of Old Mother Hubbard and her dog on the supposition that her cupboard, instead of being bare, is bursting with good food.

Question 6. Supposing that an Advisory Committee on Nutrition reports that a number of people in this country require more fresh food, including milk, eggs, meat, fish, vegetables, tea and coffee—

- (a) Where is the food to come from?
- (b) Describe a simple ticket and accounting system to deal with the situation.

Question 7. You are a Treasury official. The War Office, charged with the duty of increasing the strength of His Majesty's armed forces, finds that recruiting has fallen off. Enquiry elicits the fact that the remuneration offered is not a sufficient attraction to men who are earning good money on the staff of greyhound racing and football pool enterprises.

Two possible solutions are suggested: to impose heavy taxation on the greyhound racing and football pool promoters, or to increase the scales of pay in the Army, Navy and Air Force.

Which would you recommend?

Why?

Question 8. You read in your daily paper that several million bags of coffee have been destroyed in Brazil, and that severe wheat restriction legislation has been introduced in the United States.

Draft a letter to the editor under the title "Half a loaf," introducing the humorous story of the man who said, "If there is one thing I like better than a nice cup of coffee it is two nice cups of coffee."

Question 9. About a hundred years ago Carlyle wrote this of England:

"With unabated bounty the land of England blooms and grows; waving with yellow harvests; thick-studded with workshops, industrial implements, with fifteen million workers understood to be the strongest, the cunningest and the willingest our earth ever had; these men are here; the work they have done, the fruit they have released is here, abundant, exuberant on every hand of us; and, behold, some baleful fiat as of Enchantment has gone forth saying, 'Touch it not, ye workers, ye master workers, ye master idlers; none of you can touch it, no man of you shall be the better for it; this is enchanted fruit.' "

Write a short account of the principal changes which have taken place since the time this was written, confining yourself strictly to facts.

Question 10. State the meaning of the following expressions, and write a short comment on each:

- (a) Dolce far niente.
- (b) Dopolavoro.
- (c) Boondoggling.
- (d) Stakhanovism.
- (e) Omne ignoto pro pontifico.
- (f) Aut disce, aut discede; manet sors tertia—caedi.

The Present Economic Dilemma

BY F. M. ANGELO

THE danger of a recession in trade activity leading to a severe depression within the next few years has, for some time, been stressed by many economists; the problem of averting this peril, or at least of mitigating its effects, is now engaging their attention and that of many industrialists, businessmen and politicians. Statements made by Ministers in Parliament reveal the anxiety with which the Government is considering the future in terms of the next slump.

Mr. J. M. Keynes has been urging that expenditure on public works should be undertaken just as the depression begins to emerge, when the national income tends to fall low, and not during the boom, the reason being that a sufficient flow of money must be maintained for the purchase of consumers' goods. The whole body of teaching economists at Oxford have likewise declared that "the forces of a depression may, in part at least, be counteracted, if the State, the local authorities and other public bodies increase their expenditure on works of capital development as the slump begins. This helps to maintain activity in the occupations and trades providing capital goods and to break the vicious circle whereby a fall in incomes earned in such trades causes a fall in expenditure on consumption goods and so a general depression. . . . In the present stage of active trade, when expenditure on rearmament is still rising, every type of capital expenditure by public bodies that can be postponed without detriment to the social services and the needs of the specially depressed areas should be postponed until there are signs of a recession in trade . . . *"

*Letter in *The Times* of June 9, 1937.

The recommendations of professional economists seem notable for the omission of the precise method of financing vast projects of capital expansion undertaken by the State and local authorities. What is really intended is that the necessary funds should be raised by loans, but the awkward question of the means of repaying the principal as well as of paying the interest is conveniently ignored. The only orthodox methods are rates and taxes or to continue borrowing indefinitely. How an already overtaxed and over-indebted nation can continue adding to its burden seems to be an irrelevant question, and indeed there is a marked unwillingness to push the enquiry to its last analysis.

Another favourite remedy is an expansion of world trade. This, of course, does not mean "taking in each other's washing" but securing a "favourable balance of trade," that is, export without equivalent import. But some economists like Mr. Keynes rightly object to increased export on the ground that it is one of the causes of war, while Major C. H. Douglas holds that it is the principal cause of war in the modern world.

Though the reality of the danger of a slump overtaking us in the not distant future is accepted by every important observer, the remedies that have been proposed demand a close scrutiny, especially as they are not new, and their application for the cure of slumps in the past not only proves them to be inadequate palliatives but, in the long run, has actually intensified this evil symptom in our economic life.

As the correct diagnosis of a disease based on a full understanding of the vital functions of the body and their interrelation is a prerequisite to the right prescription, so the knowledge of the various operations of the economic body and their co-ordination is an essential condition for the discovery of the right remedy for its ailment and its restoration to full health and vitality. Before studying the operations of the present economic system it is desirable to clear the ground by defining certain terms as used here, but not necessarily as understood in orthodox economics.

Real wealth may be classified as actual and potential wealth. *Actual wealth* comprises all material objects that have been produced for the sustenance, comfort and embellishment of life, e.g., all the means of production and distribution, such as farms, factories, machinery, railways, ships, roads, etc.; necessities, such as food, clothing and shelter; objects for cultural development, such as books, works of art, etc.; luxuries, such as motor cars, television sets, yachts, etc.

Potential wealth consists of all the natural physical resources, but as everything that exists, except God, is contingent and, therefore, has the potentiality of becoming something else, the potential wealth that exists at any time comprises only those natural resources for whose transformation into actual wealth we already possess the necessary human skill. The extent of the potential wealth is, therefore, enlarged relatively to the growth of our scientific knowledge and the availability of the necessary skill and labour.

Effective demand is a term which, as used by Adam Smith, denotes the will and ability of a group of individuals to

pay the natural price for a commodity, that is, such a price as will enable the vendors to keep it upon the market at a reasonable profit to themselves. In other words, it means purchasing power, that is, the amount of money which is available and is used for the purchase of actual wealth. It is the difference between income and savings.

Real demand denotes the desire of the individual or a group of individuals for the possession and enjoyment of real wealth. The limit to the satisfaction of such a desire should be determined by the community on considerations only of expediency and the good of all.

Real credit is the correct estimate of the ability to deliver goods and services as, when and where required. Its extent depends on the actual and potential wealth possessed by a community, the progress they have achieved in the industrial arts, their co-operation in industrial enterprises, and the peace, order and harmony that reigns in their midst.

Financial credit is the correct estimate as to when, where and what amount of money is required and the ability to deliver it, according to the principle that whatever is physically possible is financially possible. It is the lifeblood of the entire economic body and should be a reflection of the real credit. As it finds its tangible expression in money, we may now ask what is meant by money.

Money is, as Professor Walker defines it in his “Money, Trade and Industry,” any medium which has reached such a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will refuse it in exchange for his products. What then is this medium in our modern world? It is all currency in circulation (coins and notes), together with bank deposits drawable by cheques which, in the aggregate, represent the purchasing power of the public. By far the larger part of our total money consists of bank deposits. “The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits.”* Since, therefore, bank deposits are equivalent to money, it is relevant to ask how they come into existence. “The bulk of the deposits arises out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft or by purchasing securities a bank creates a credit in its books, which is the equivalent of a deposit,”‡ and “every payment of a bank loan and every bank sale (of securities) destroys one.”*

*“Post-War Banking.” By the Rt. Hon. Reginald McKenna [page 76].

‡ “Report of the Macmillan Committee on the Relations between Finance and Industry” (page 34).

It is, of course, common knowledge that coins and notes paid into the banks to be credited to the customers’ accounts create deposits, but the statistical fact that under normal conditions customers do not draw more than a fraction of their deposits in cash, is the basis on which the banks (meaning the trading banks) create deposits, i.e., new money, by granting loans or purchasing securities. At the peak of a boom the ratio between the customers’ current and deposit accounts on the one hand and on the other the banks’ cash in hand and at the central bank (the Bank of England in this country) is about ten to one. The following figures, taken to the nearest pound, show clearly the proportion of cash to deposits at the clearing banks as on June 30, 1937:

	<i>Cash</i>	<i>Deposits</i>
Barclays ...	50,593,400	429,583,900
Coutts	2,546,700	24,451,400
District ...	18,276,000	76,814,200

	<i>Cash</i>	<i>Deposits</i>
Glyn Mills	7,932,800	41,439,300
Lloyds	43,355,200	413,072,800
Martin’s	12,816,000	90,158,100
Midland	50,917,500	487,595,500
National	4,218,100	38,054,000
Nat. Provincial	42,030,300	312,760,400
Westminster ...	40,269,900	364,872,100
William Deacons	6,246,600	36,485,500
	<u>279,202,500</u>	<u>2,315,287,200</u>

These figures prove conclusively that with the evolution of the cheque system the banks have acquired the power of creating a form of money, which for all practical purposes ranks equally with legal tender as purchasing power and

that at the present time the amount of money thus created is about ten times the amount of legal tender held by the banks. It is of the utmost importance to bear in mind that this vast sum of money is generated and issued to the community as a debt payable with interest and that the creation and cancellation of modern money, or rather modern finance in general, is nothing more than the manipulation of figures in books by the use of the scientific rules of double-entry book-keeping.

Though the amount of cheque money bears a fairly well determined ratio to the amount of legal tender in possession of the banks, the Bank of England may, since the departure of this country from the gold standard, create notes to any extent subject only to its own judgment as to what is prudent and sound business, thus exercising an arbitrary control over the financial policies of the banks, industry, and even the Government. Sir Ernest Harvey, the Deputy Governor of the Bank of England, in his evidence before the Macmillan Committee, admitted that the only restrictions under which the Bank operates are those which the Bank has imposed upon itself, and which it has the power to alter.

While the banking system is the sole source of money, the industrial system is the sole source of goods and services and the only channel through which purchasing power is distributed to individuals. Industrial organisations may be divided into:

(a) those producing and/or distributing consumers' goods, such as food, clothing, furniture, etc., and those providing services such as transport, which are bought by individuals for their own consumption or use, and

(b) those producing capital equipment or intermediate goods that are ancillary to the production of consumers' goods and services and are not intended to be sold to the public, e.g., machinery, factories, railways, docks, roads, etc., and all raw and semi-finished goods.

The direct payments that each organisation makes, as well as certain elements that do not appear as payments, but are included either in the manufacturing cost or in the selling price, may also be classified under two main heads; but, as industry is divided under two groups, let

A1=all payments made to individuals by the producers of consumers' goods on account of wages, salaries, dividends, interests, etc., in short, all incomes of individuals.

A2=all similar payments made by producers of capital equipments.

B1=all payments made by producers of consumers' goods and services to other organisations for raw materials, plant, machinery, repayment of loans, etc. Depreciation and all other overhead charges, as well as appropriation of profit towards sinking funds and other reserves should also be included in this group.

B2=all similar payments and charges made by producers of capital equipments.

The rate at which assets are to be depreciated is largely determined by the possibility of obsolescence, i.e., machinery becoming obsolete by later and better inventions. Another reason for the excessive depreciation of assets is the desire to create secret reserves. The consideration of these practices in connection with depreciation is of great importance in the examination of the relationship between incomes and prices.

We may now take a simple example of a series of industrial and banking operations over four successive periods, no matter whether each period covers several months or several years, and, following their course, observe the effect they finally produce. As a start must be made from some point, let it be assumed that at the beginning of the period I the prices of consumers' goods and of raw and intermediate goods in the country are £100,000 and £15,000 respectively. The effective demand and private savings are likewise £100,000 and £15,000 respectively. All the payments for materials become incomes (A payments); there is no industrial debt whatsoever and prices remain stable throughout. This initial economic situation is quite divorced from that which prevails in our real world, but nevertheless it is imagined, so as to make it as favourable to orthodox belief and argument as it can be, and this fact must not be lost sight of in the course of the following analysis.

During this period I of unsurpassable boom, C, a manufacturer, whose existing resources are already employed, borrows £10,000 from private savings for the erection of a new factory and pays the sum to his contractor, who distributes £7,000 as wages and salaries and pays £3,000 for materials.

In the following period II, C, having furnished the necessary collateral security, obtains a short-term credit of £15,000 from the banks for his manufacturing expenses, and pays £10,000 in wages and salaries and £5,000 for materials. Let us suppose that in computing the selling price of the goods produced during this period, C makes no allowance for depreciation or any profit. He sells his entire stock and out of the proceeds liquidates his debt of £15,000 to the banks. This money now becomes extinct.

During the next period III, C, having no working capital, finds himself in the same position as that in which he was at the beginning of the preceding period. Becoming wiser, he now estimates, in view of the exceptional boom, to make more than a hundred per cent profit, which will enable him to clear out of debt and supply him with the necessary working capital. Accordingly he again obtains a short-term credit of £15,000 from the banks and pays £10,000 as wages and salaries and £5,000 for materials. Following the normal accounting method, he includes, say, £2,000 as depreciation charges in the factory cost of his products. In the computation of the selling price he allows for a profit of £15,000 as estimated and a further £2,000 in order to build up a sinking fund for the repayment of the £10,000 originally borrowed and capitalised. The articles are then placed in the market and from the proceeds of sale he repays £15,000 to the banks, and this money is thus cancelled. He invests the £2,000 credited to the sinking fund in Government securities.

In the next period IV the general condition of the market being much less favourable, C curtails his production. His bill for wages and salaries falls to £4,000 and his purchase of materials amounts to £2,000. Once more he includes £2,000 as depreciation charges in the factory cost of the articles, but no allowance for profit other than a further £2,000 towards the sinking fund. This amount is invested in Government securities.

It may be objected that the profit earned by C is too high, but the state of boom that has been assumed is also singularly rare. Moreover, there is no justification for ruling out the earning of a profit of one hundred per cent or more even under existing conditions. A business debtor has the following alternatives:

- (a) to make enough profit to liquidate a short-term loan;
- (b) to be under the necessity of borrowing in order to repay a loan;
- (c) having borrowed on long-term, to build up a reserve for the eventual liquidation of the debt;
- (d) to be permanently in debt;
- (e) to become insolvent and go out of business.

Another objection may be that C must break down under the pressure of competition. The answer is that while it is true that the selling price is, to a large measure, outside the control of individual producers, it is the general condition of the market that influences their activities. Many other producers may be acting in the same way as C, so that the price of his articles as adjusted by competition in the market may not be far out of his estimate.

At any rate, these are mere questions of degree, whereas the primary object of the example is to discover the final arithmetical result that follows from the operations which in their nature are not unreal. It must also be kept in mind that the periods are unspecified.

The whole business from the beginning of period I to the end of period IV may be tabulated so as to show clearly the rate of distribution of incomes and the rate at which costs are generated during each period and the difference between the two:

		Capital goods	Raw and inter. goods	Price of consumers' goods	Effective demand	Savings
	£	£	£	£	£	£
<i>Period I.</i> [C borrows £10,000 from savings]		—	15,000	100,000	100,000	15,000
Wages	7,000 (A2)				7,000	
Materials	3,000 (A2)	10,000	—3,000		3,000	
	Total	10,000	12,000	100,000	110,000	5,000
Position at end of period		10,000	12,000	—	10,000	5,000
The excess of demand over consumers' goods in this period is saved.						
<i>Period II.</i> [C borrows £15,000 from the banks]		10,000	12,000	—	—	15,000
Wages	10,000 (A1)				10,000	
Materials	5,000 (A1)		—5,000	15,000	5,000	
	Total	10,000	7,000	15,000	15,000	15,000
Position at end of period		10,000	7,000	—	—	15,000
[Paid to the banks and cancelled, £15,000. C has no cash in hand.]						
<i>Period III.</i> [C borrows £15,000 from the banks]		10,000	7,000	—	—	15,000
Wages	10,000 (A1)				10,000	
Materials	5,000 (A1)		—5,000		5,000	
Depreciation	2,000 (B1)					
Profit (retained as working capital)	15,000 (B1)					
Profit credited to Sinking Fund)	2,000 (B1)			34,000		
	Total	10,000	2,000	34,000	15,000	15,000
Position at end of period		10,000	2,000	4,000	—	—
Paid banks and cancelled £15,000. Invested in Securities, £2,000]						
<i>Period IV.</i> [Cash in hand £13,000]		10,000	2,000	4,000	—	—
Wages	4,000 (A1)				4,000	
Materials	2,000 (A1)		—2,000		2,000	
Depreciation	2,000 (B1)					
Profit credited to Sinking Fund)	2,000 (B1)			10,000		
	Total	10,000	—	14,000	6,000	—
Position at end of period		10,000	—	8,000	—	—
	£					
Invested in securities	4,000					
Cash in hand	11,000					
Debt outstanding	10,000					

Effective demand has now fallen short of the price of consumers' goods by £8,000, calculated in terms of accountancy value. This sum equals all the B items included in the selling price during the successive periods, less the amount of the original savings. The amount shown as profit in period III really represents the money which was created by the banks, lent to C, distributed through production, collected through price and destroyed on repayment. The bulk of B costs are thus made up of depreciation charges and loans repaid to financial institutions, whether directly by one organisation or by another at the end of a series of transactions. It is for this reason that B payments do not constitute purchasing power, that is, that payments by one factory or business organisation to another cancel out.

From the end of period IV the system is found to be incapable of functioning any longer unless incomes and prices are made equal by means of further capital production financed by money created and issued by the banks, there being no private savings. C can embark on capital production with the money in his hand in order to create effective demand for his stock of consumers' goods, but such a process cannot go on indefinitely. Moreover, a stage will be reached when the production of consumers' goods must also be financed in the same manner, increasing the growth of indebtedness of the industrial system to the banking system and resulting in the continuous increase of B costs.

Furthermore, as long as profit is a reward for the skill and enterprise exercised by the producer and is represented

by the consumption of wealth, no matter how vast, all is well, but there being a physical limit to the consuming power of an individual, the accumulation of profit implies that there is no corresponding productive return; it is something that is obtained for nothing.

The origin of the rapid growth of B costs which create so wide a gap between incomes and prices is thus found to be the threefold method by which the cost of vast capital equipments is recovered at a faster rate than that at which they depreciate, profits are acquired and accumulated and money which is created and issued for the production of wealth becomes an allocated charge on production for the purpose of its repayment. It should be axiomatic that consumption alone is the real cost of production, as well as the only necessary justification for the cancellation of money.

A very important element of the selling price, omitted in the foregoing example for the sake of simplification, must now be considered; it is the interest charged on all loans. As already explained, the banking system is the sole source of new money—except coins, which form only a negligible fraction of the total amount—and its creation always involves an increase of debt. It follows, therefore, that meeting interest charges means the creation of fresh money and the piling up of debt. It is another factor in the continuous increase of B costs.

Amplifying the well-known A+B Theorem of Douglas, the argument may now be stated in a formal manner, proving that under the existing financial system (1) the total national income cannot buy all the capital and consumers' goods produced, (2) a continuously expanding capital production is necessary for the distribution of sufficient incomes to buy all the consumers' goods, and (3) finance for capital development cannot come out of savings but must be found from creation of bank credit.

(1) Considering the activity of any producer over any short period of time, say a month—it does not matter whether he is producing consumers' goods or capital equipments—the selling price of the goods produced by him cannot be less than his A+B payments. But only his A payments are available for the purchase of his products. As A is less than A+B, it follows that the total incomes of the producer and his employees cannot be sufficient to buy all that he produces. Since this conclusion is valid in respect of any producer during any month, it is valid in respect of all producers, i.e., the industrial system, during all the months, i.e., always.

(2) But is it possible to equalise the total income (A1 + A2) and the price of all consumers' goods (A1 + B1), as capital goods are not intended to be sold to the public? It is possible provided A2 = B1. If A2 is more than B1, the prices of consumers' goods will rise, leading to inflation, and if A2 is less than B1, they will fall, ending in bankruptcies and restriction of output.

At this point a fact of the utmost importance must be taken into account. The B costs among a primitive community, employing, almost entirely, human labour for the production of their modest wealth, is very much smaller than A costs. But modern science and inventions have brought us to a stage where machines are progressively displacing human labour, so that B costs are steadily increasing relatively to A costs. The more highly industry is mechanised the greater is this difference.

Since, therefore, B1 is increasing relatively to A1 and B2 is increasing relatively to A2, it follows that in order to make A2 = B1 it is essential that A2 + B2, i.e., capital production, should be ever expanding relatively to A1 + B1, i.e., production of consumers' goods.

Stating the argument more concisely in mathematics,

$$\begin{array}{l}
 \text{“if } \frac{B_1}{A_1} = K_1 \text{ and } \frac{B_2}{A_2} = K_2, \\
 \text{both } K_1 \text{ and } K_2 \text{ are increasing. Since } A_2 = B_1, \\
 \text{this means that } \frac{A_2 + B_2}{A_1 + B_1} = \frac{(1 + K_2) A_2}{\left(\frac{1 + I}{K_1}\right) B_1} = \frac{1 + K_2}{\frac{1 + I}{K_1}}
 \end{array}$$

which is increasing.”* As soon as capital production slackens, disturbing the equilibrium, consumers' incomes fall below the price of goods with which the market then becomes glutted and trade depression ensues.

(3) Because B1 is increasing relatively to A1 and B2 is increasing relatively to A2, if A2 is equal to B1, it follows that B2 is rapidly outstripping A1. Therefore, $A_2 + B_2$ (capital development) is rapidly outstripping $A_1 + A_2$ (total national income). Consequently it is impossible to finance capital production by private investments, if at the same time consumption is to equal production. It can, therefore, be done only by bank credit.

If the measure of the efficiency of an economic system is the degree to which it makes it possible to consume all non-durable goods the moment they are ready, the present system is a failure.

Apart from the absurdity of producing an increasing quantity of capital goods irrespective of whether they are required or not, just in order to provide the means for the disposal of consumers' goods, the forces that check an uninterrupted expansion of capital production must now be traced. All industrial activities are admittedly affected by the curious phenomenon known as the trade cycle, and, in order to discover the forces that lie behind its manifestation, it is best to observe some of the most important financial and business operations and follow the courses whither they lead.

Considering only this country, the indicator the banks watch for the guidance of their business policy is the purchase of securities by the Bank of England. It is the first signal to them that industrial loans may be safely granted, and they, therefore, start buying securities, which means an increase in the volume of money. As this step heralds a boom which offers opportunities of earning large profits, an increase in savings for investment follows. The effect that is produced by the large volume of money thus made available is a fall in the rate of interest, which encourages an industrial expansion beginning with capital production, the reason being that low interest is most advantageous to those industries that take the longest period for the production of their goods. As the wages and salaries distributed by such industries (A_2 payments) augment effective demand, the production of consumers' goods increases in turn, ushering in a period of comparative prosperity. Gradually commodity prices begin to advance, giving a further stimulus to trade activity and increasing employment, but the increase of purchasing power as well as in wages is counterbalanced by the rise in prices, and the volume of purchases by people whose income has not changed is reduced.

The boom can last as long as the incomes distributed via capital production are sufficient to maintain the flow of purchasing power in line with the flow of prices of consumers' goods, i.e., as long as $A_2 = B_1$. This all-round industrial activity involving credit expansion gradually raises the amount of deposits in relation to the amount of cash held by the banks to the ten to one ratio, but the increasing demand for loans eventually raises the rate of interest above the yield obtainable on securities, when the banks, finding it more profitable to continue advancing loans to industry, sell securities the prices of which have been already forced up by them. The sale of securities by the banks does not reduce their prices immediately, since individuals as well as organisations, wishing to invest their savings or reserves, readily buy them.

When the pound sterling was on a gold basis there was another factor in the rise of the rate of interest. The flow of import of raw material during the boom being well in advance of the export of finished goods, the need of payment for them in the currencies of the countries supplying the goods tended to weaken sterling and the exporting of gold from the Bank of England. Counteracting this tendency, the bank rate was raised in order to attract money and to retain it in the country. Manipulation of the bank rate as a device for the control of exchange rates is now obsolete. Since the departure from the gold standard in 1931, currency is managed by an Exchange Equalisation Fund, which is adjusted by the purchase and sale of currencies required for the daily balances of payments between countries. This method can be continued only as long as the "adverse" balance of trade is small and temporary, but not otherwise.

While the increasing demand for loans raises the rate of interest, competition between the various manufacturers in the labour market and the rise in the cost of living force up wages till the producers of capital goods, finding that their costs already exceed their original estimates, call a halt to further production. The immediate effect is a diminution of incomes (A_2 fall below B_1) and a slow fall in prices begins.

At this generally insecure stage of the trade cycle the banks follow a deflationary policy by not purchasing securities or advancing loans. Moreover, during the onslaught of the slump, when the financial value of the physical assets such as farms, factories, mines, etc., against which loans have been granted, drop below the amount of the loan, which is itself well below their real value as going concerns, they become the property of the banks either directly or through some subsidiary company. These they retain until more favourable times when they can be sold at a profit.

The difficulty of disposing of stocks consequent on the deficiency of effective demand leads to their sale at cut prices, and in order to make the prices rise large stocks of goods are in some cases destroyed. Mines are closed, factories are dismantled, machinery broken up and employment is decreased. The necessity of liquidating bank loans forces manufacturers and traders to sell securities, the prices of which drop; capital is written down and bankruptcies ensue. The depression becomes steadily worse until a point is reached when stocks are diminished and, a trade revival becoming opportune, the Bank of England again starts the upward movement by purchasing securities, the prices of which are now at their lowest level. It is thus discovered that modern banking practice makes slumps and booms appear to be caused by the operation, if not of natural law, of something that is akin to it.

The analysis of the trade cycle discloses that the underlying cause of the slump is the presumption that money is always entitled to earn interest and that it must be withdrawn from the productive system and withheld as long as the opportunity of earning interest is not present. Hence it is true to say with Bacon that “usury dulls and damps all industries, improvements and new inventions.” Whatever justification there may be for the demand of a modest interest on money lent out of savings, usury becomes the land-shark and devil-fish of commerce and industry when the moneylenders hold, as well, the monopoly of creating money. The modern moneylenders—the bankers—apparently inflict on society a well-deserved punishment for letting them usurp its sovereign function. The analysis also reveals the disquieting fact that by initiating periods of inflation and deflation the banks become the owners of more and more of the real wealth of the rest of the nation.

If there is an inherent gap between purchasing power and prices under the present financial system, and if it has been steadily widening, how is it that producers have been able to dispose of their products at all? The answer is that they have been able to do so by resorting to the following methods:

- (a) As already explained, by the production of capital goods, resulting in the accumulation of an immense amount of debt.
- (b) By exporting goods in excess of imports. This means desperate efforts to capture foreign markets, which develop into an economic war, leading, sooner or later, to a formal military war.
- (c) By the sale of goods below costs and/or writing down capital. This means the slaughter procedure of bankruptcies. The success of some producers and traders involves the utter ruin of some others.
- (d) By the rapid expansion of the system of hire purchase and deferred payment. This pledges the future incomes of the consumers for a considerable time, thus effecting in advance a disparity between the purchasing power and prices of the future.
- (e) By the latest method, whereby it is considered desirable to destroy or restrict the products of industry rather than distribute them to the consumers.

As the question of means does not arise till the question of ends is settled, it must be stated that the principal objects of a just and sane economic arrangement among any community ought to be:

- (i) To effect the transformation of potential wealth into actual wealth up to the point of the real demand of the community, and to this end to make the financial credit reflect the real credit.
- (ii) The just distribution of actual wealth by the issue to every member of the community of sufficient money based on his or her due share of the real credit.
- (iii) To aim at the maximum production of wealth with the minimum expenditure of energy, whether human or mechanical.
- (iv) To lighten labour and increase leisure, thus providing every opportunity to the individual for true education and the development of culture and personality.
- (v) The widening of personal liberty within the limits imposed only by considerations of the good of the whole.

Whatever dispute may arise over methods there should be no doubt as to the question of ends as here proposed. But in none of these respects has the existing system, so to say, delivered the goods. The financiers continue to carry on the most colossal confidence trick and mass hypnotism ever perpetrated on mankind. The benefactor of mankind and

the rogue depend on their command of the confidence of their fellow men for the attainment of their objectives; but the motives that actuate them are diametrically opposed. The great discoveries that have emerged up to the present stage of the evolution of industry, banking and commerce, instead of being used to the utmost benefit of the community as a whole, have been seized by a few, in whose hands they have become the means of dispossessing the rest of the nation stage by stage and keeping them in permanent servitude. This process, having brought the economic life of society to its present most unhealthy state, is now accelerating its movement towards its doom.

The mental gifts with which God has endowed men have enabled them to discover the lavishness with which nature can provide mankind. The modern mind appreciates the aim of the scientists, the engineers and the inventors, who regard the object of industry as the production of wealth to its maximum extent with the minimum expenditure of energy in order to satisfy the needs and desires of the individual. But to the orthodox mind the economic system is set up only to produce a certain financial result and to conform to certain rules of accountancy. The stupidity of cutting the foot to fit the shoe is no greater than that of making production and distribution fit a fixed financial system.

The professional economists seem to be incapable of being converted by evidence. If facts tell against their pet theories, so much the worse for the facts. Great is the formula and it shall prevail. Any recalcitrant fact is to be dismissed with a sneer as an insignificant exception or as a vaporous hallucination or, worse still, as a sacrilegious intrusion into the sacred temple of orthodox economics. For instance, the so-called laws of supply and demand, which were approximately true in the days when scarcity was the normal condition of markets, are still firmly held by them as the cornerstone of economic theory in an age of increasing abundance. They are, at times, dismayed by what they regard as glut, as if wealth were overflowing the level of real demand; and indeed the question of real demand finds no place in their discussions. Credit as used in their language still means nothing more than the degree of confidence in the ability and disposition of an individual or a group to fulfil financial obligations, or the amount to which one may be financially trusted in a given case. They try to solve the problems of a power and machine age with a stone age mentality.

There is an incongruity in the desperate attempts of politicians to provide employment for millions of men and women, making work their only title to the means of subsistence, while the scientists and investors are constantly applying their minds to find ways of reducing human labour in production. It is time to face the fact that the industrial unemployment of millions has come to be a permanent feature of modern life, and that because it is due to the displacement of human labour by the operation of machines, it is a process to be welcomed, not an evil to be deplored. The future economy of the world should be logically founded on the fact of abundance. Today production is artificially restricted because consumption is also restricted artificially. The sensible approach to the problem is to consider the potential saturation point of real demand, not the curtailment of production to the level of an artificially restricted effective demand.

Whether the lot of the people of the present age is better than that of the people of the Middle Ages may indeed be disputed; however, it is a sign of apathy to attempt any such comparison without also taking into account the immense increase in the actual wealth, while it is criminal folly to ignore the even more stupendous increase in the potential wealth which can be actualised and distributed to the whole population. Therefore, while it is true enough that money must be a medium of exchange in an age of scarcity, in an age of surfeit its function ought not to be confined to effect a mere exchange. It must also serve as an instrument of distribution. Any search for a solution within the framework of classical economics must lead us to this dilemma: that either the frustration of science and the co-existence of poverty in the midst of plenty must continue, or economic progress can be achieved only by an accretion of debt accompanied by all its evils.

Such a situation may be justified if the monetary philosophy that lies behind it is taken for granted, but a monetary philosophy must, in the name of social justice no less than that of common sense, be condemned when it leads to such absurdities. Fortunately the way out of the dilemma is known, though it has not yet been tried.

The Aim of Social Credit

By H. E. DU PRÉ

THE basic idea underlying Social Credit is that all political and economic problems with which we are striving today are, in essence, human problems relating to individual persons. This idea is certainly not new but has become so obscured that it requires a new and forceful presentation. It may be summed up in the phrase, "The State exists for Man and not Man for the State." This phrase embodies the main principle which supports the Social Credit faith, viz., that the State, as such, is a complete and entire abstraction if viewed separately from the human beings of which it is composed.

When the State performs perfect service to the individuals composing it, it does so because all the individuals are serving each other. When the State demands sacrifices which are unequal in their effects on individuals, some sections of the people are deluding others into the belief that this abstract thing has a real existence and benefits by their sacrifice. In so far as Social Credit philosophy insists that the individual is the only thing which ultimately matters, and that if all is well with individuals all will be well with the State, Social Credit philosophy is in alignment with what was taught by the Founder of Christianity.

The next principle is that individuals must be freed from the control of artificially created economic pressure in order to be able to fashion their own lives in the way they individually think fit. For the purpose of securing this economic freedom for all, it is not necessary that everybody should possess an abundance of *things*, but what is absolutely imperative is that every individual should be lifted above the degrading and soul-sapping necessity for concentrating almost the whole of his faculties on obtaining the means of mere existence. In this respect, Social Credit is uncompromising in its demand for an immediate abolition of this dire fate which threatens so great a proportion of our people today.

Another principle of Social Credit is a belief in the fundamental goodness and decency of the vast majority of people and that in economic freedom these qualities will immediately become apparent. No progress can be made towards any solution of our problems while we adopt the utterly pessimistic attitude that human beings are to be trusted only when they are industrially occupied. If we are distrustful of giving economic freedom to those who are suffering from artificially created economic pressure, we are denying true freedom to those who appear at present to be more fortunate. Continued economic pressure on one section of the community imposes on all other sections more and more involved and costly methods of dealing with the problems it raises. An overseer is as much bound and frequently has more responsibility and anxiety than the slaves he manages. *

*There is, of course, the Simon Legree species of overseer, found in finance, to whom this argument will not appeal.—Ed.

I wish to emphasise this point because the main resistance to Social Credit today seems to come not so much from economic technicians as from those who tacitly accept the present wretched conditions on the ground that, where there is no work to be found for them, human beings must be forced to live on the borderline of starvation, wholly dependent on others. This, of course, is a form of slavery. These people are attempting to crack the nut of what they call a moral problem with the steam hammer of economic pressure, an entire misuse of both the power and the character of the instrument they use.

The problem could become a "moral" problem only if a man *would* not work when there was necessary work to be done. The facts are such that it will readily be agreed that this is not the problem which presses at the moment. The problem which does urgently demand solution is that of securing for people a decent life, which is a very different thing.

This point was dealt with by Douglas recently during in outstanding address to a very large audience at Liverpool, when he remarked, "I can say nothing to you which has not been better said by the great teachers of humanity, One of whom said, 'I came that ye might have *life*, and have it more abundantly.' So far as I am aware, no great teacher of humanity has ever announced that he came that we might have better trade or more employment, and I am wholly and irrevocably convinced that while we exalt a purely materialistic *means* into an end, we are doomed to destruction."

The starting-point of this abundant life at which Social Credit aims is visualised as a well-proportioned sufficiency

of wealth combined with adequate leisure; and such a combination would give that freedom of choice to individuals which is an essential prerequisite of personal happiness.

Excess of wealth is often accompanied by self-chosen renunciation of leisure. Sometimes the owner of this wealth voluntarily gives up opportunities for spiritual experience in exchange for purely materialistic ends, which state of affairs I take to be the meaning of the saying, "How hardly shall they that have riches enter the kingdom of heaven." For the lure of excessive wealth lies not so much in the wealth itself as in the power it gives over the lives of others. When all have a sufficiency, the power of excessive wealth disappears, and with it the subordination of the interests of millions to the policies of a small financial oligarchy. Leisure itself without any wealth is just a soul-rotting human boredom and spiritual frustration, and this is the terrible fate of all who have been "unemployed" for any length of time. But I would like to emphasise that there is nothing whatsoever in the Social Credit proposals which would enrich the poor at the expense of those who are happily better off. There is no possibility of taking from one section of society and giving to another.

* * *

The general outlook of Social Credit having thus been outlined, its objective logically follows, and this is the bringing about of conditions necessary for the abundant life. Abundant life is an inner thing of mind and spirit, and the external condition for it is freedom from the driving necessity for overmuch preoccupation with getting the means of bodily existence. How the Social Credit movement hopes to reach its objective is made clear by an understanding of what the term Social Credit really means. Social Credit is the belief or faith of society that the individuals composing it can get the *results* they want by working together in association. If people persistently get the results for which they associate, they have Social Credit.

If all the individuals associating together as the nation were asked what results they personally wanted most urgently from thus associating, we should almost certainly get an overwhelming majority asking for such things as food, clothes, houses and personal security, which could be classified under a general term such as "the conditions of well-being." By such a referendum, we should find out what the mass of individuals composing the nation really want, and this desire would, under our definition of Social Credit, be a starting-point for our demand for results. It would thus be our *policy*, as an association of individuals, so that we should become what I can truthfully call a *political* democracy. This clear-cut conception that we must become in fact what at present we are in theory only—a "democracy of policy"—is the first idea which the Social Credit movement is striving to impress upon the consciousness of the people, allied with the idea that we cannot achieve this until we make up our minds as to exactly what policy we do want. Until this is done, governments lack the only directive power which will push them the way the majority of people want them to go.

This focussing of the people's will into demanding what they want has necessitated a re-statement of the root idea behind political democracy, that the sole foundation for the right and power of appointing governments is the common consent of the individuals of a nation, and that this right and power shall make the relationship of people and government that of master and servant. But a wise master does not order his servant to do impossible things; and so if a policy is vigorously demanded by the will of the people, the people must be sure that what they demand is something which can reasonably be expected to be put into operation, and the full and entire responsibility for the consequences of their *policy* must be accepted by the people themselves and not by the government.

If responsibility for the consequences of policy is on the heads of the people, however, it is only fair that the entire responsibility for success or failure due to *methods of carrying out the policy* should rest on the shoulders of the government which has been empowered to give orders to technical experts. Further, if democracy, as a principle, is right and proper in regard to the *initiation* of policy, it is altogether misplaced in regard to the administration of that policy. Administration is a question of employing experts who have the technical qualifications necessary for advising as to correct methods of carrying out policy. In this case, decisions must ultimately be made by individuals placed in positions of authority by the government, and no interference should be permitted which would undermine the power of the administration to carry a policy to its ultimate conclusion. If the methods of one set of experts are faulty or inconclusive, then other experts should be appointed under more and more limiting time-allowances, until the policy is finally proved sound or unsound.

Today, policies and methods come ready made for presentation to the people from financially backed party caucuses. For example, we get perhaps a "work for all" scheme presented against a "nationalisation of industry" scheme, neither of which is intended to nor can possibly give the people what they want because the people have

neither stated nor been asked what they want. Such political methods are an insidious means of operating the old Roman plan of “divide and rule.”

The Social Credit movement therefore is attempting to make two things perfectly clear: first, the absolute sovereignty of the people as regards policy, which must originate with and be self-chosen by the people themselves, and must not be imposed on them by any party system; secondly, that members of Parliament should be simply representatives of the people, specifically chosen to impose their policy on their servant the government.

The Social Credit movement has formulated into a clear statement of policy the emotionally felt universal desire of the mass of people for “conditions of well-being,” and has accompanied this by an equally clear demand for results. The policy is one for results which can be demanded with confidence, because they are based on simple and undoubted facts available to anybody. These facts are the existence of widespread poverty on the one hand and actual or potential physical plenty on the other.

The demand is equally simple. It is for a National Dividend—that is, for the issue to the individuals in the nation of monetary or other claims to such physical wealth as is produced but is undistributed by the present system, or the production of which is artificially restricted. This demand is accompanied by a very few simple but vital conditions to the effect that the issue of the claims must not increase prices or taxation or deprive owners of their property or diminish its value. The demand is made by bringing pressure to bear on members of Parliament *of all parties* so that they in their turn continuously bring pressure to bear on the government from all directions. No demand is made for methods, so that the government is entirely free to employ what experts it likes to implement the policy. The Social Credit movement has thus reduced the working mechanism of political democracy to the very simplest of formulas which can be readily understood and acted upon by all.

Those who have no wish to alter the present unsatisfactory state of affairs or who hypnotise themselves into believing that they are unalterable, and those who are totally insensible to the physical deprivation, mental anxiety and spiritual suffering of millions of normally fine and decent people, would be only too glad if the Social Credit movement continued to raise discussions on purely monetary and technical matters. But experience has proved that such enquiries and discussions are abortive and time wasting. The problem of abolishing poverty is far too urgent for further talk along these lines, and in demanding results and only results, Social Crediters know that they are placing the responsibility for present conditions and for their amelioration where it rightly belongs, that is to say on the shoulders of those people who have made it their business to act as technical advisers to governments on such matters.

If these people will produce the results demanded, well and good; if not they shall be replaced by others not only more competent but more willing. The Social Credit Movement is attempting to ensure that something be done, but it is for the individuals whose association together gives to the name of Britain its credit to say *what* that something shall be and to demand it with all the authority which derives from their common consent.

Australia and Credit Reform

BY A. W. COLEMAN

THE Report of the Royal Commission appointed to enquire into the Monetary and Banking Systems in operation in Australia is, like Gaul of old, divided into three parts.

Part I is a general, historical and explanatory survey of Australian banking conditions and practice, tracing their development from about 1893 to the present time.

Part II examines certain proposals for monetary reform, and discusses the subject of credit creation.

Part III envisages the objectives and functions of an ideal monetary and banking system for Australia, examines the existing system in the light of this ideal, and concludes with a number of recommendations for bringing the actual into closer conformity with the ideal.

It is impossible to give any short and at the same time adequate summary of Part I, which traces the evolution of Australian banking from a large number of independent trading banks to the closely-knit system of today, with its

nine principal and privately-owned trading banks largely dependent upon a single but publicly-owned central bank, the Commonwealth Bank, and having many of the characteristics of the English system.

But in skimming this survey, with its admirable explanations of monetary and banking technique for the layman in these matters, we may note the disappearance, from 1910 onwards, of the note issues of the trading banks and the concentration of all note issue, by 1920, in the Commonwealth Bank, with a note-issue department separate from the banking department.

Control of the Commonwealth Bank by a board followed in 1924, this board also controlling the Commonwealth Savings Bank; but it was not until 1929 that the Commonwealth Bank became a true central bank, able to control banking policy for the Commonwealth. It may seem to many people that the State ownership of the central bank, the board being appointed by the Federal Government, renders the Australian system markedly superior to the English. Potentially, this is so; actually, it carries with it no guarantee that the banking policy adopted will be in the true interest of the Australian people. It does, however, place the responsibility for that policy upon the Federal Government of the day.

Prior to the 1929 depression the Australian pound was kept at parity with sterling, and the Australian banks kept sufficient sterling balances in London to enable them to maintain this rate. In view of the dependence of the Australian economy upon trade with Great Britain, the importance of these "London funds" for the Australian banking system is obvious, and they formed at that time the principal factor of the cash basis upon which the system depends. The Report explains that "whenever receipts from exports were high, or Government overseas borrowing increased or imports fell off, the liquid resources of the system tended to rise, and an expansion of credit could be expected." Conversely, a contraction of credit would follow a reversal of these conditions. All through the story the "liquidity" of these resources has been the guiding star which has directed the bankers' footsteps.

The 1929 depression rendered it impossible to maintain the parity of the Australian pound with sterling, and the rate fell, being finally adjusted at £A.125 to £100. From this time onwards the power of the central bank continued to grow, all the trading banks holding balances with it. The central bank now largely regulates the amount of credit by discounting Treasury bills for the Government. By so doing, the deposits of the trading banks with the central bank increase with the Government spending of the proceeds of the issue of the bills. The trading banks regard their deposits with the central bank as cash, and are thus in a position to increase advances. Conversely, the position of the trading banks is rendered less liquid by the process of funding these Treasury bills. "Open market" operations have formed a very small part of the central bank's activities.

Since the depression, the relative importance of London funds in the Australian system has decreased. The Commissioners explain that:

The depression first affected the banking system through the serious loss of London funds in 1929, which reduced the liquidity of the banks. They became involved in an effort to restore liquidity which lasted until 1931.... The banks severely restricted new lending and endeavoured to reduce advances . . .

It was not until 1931, when Treasury bill finance and Government expenditure expanded their deposits and added to their cash, that the liquidity of the trading banks was restored almost as suddenly as it had gone. In this way the loss of London funds and of gold from the banking system was offset, and the banks soon removed their restrictions on new lending.

Liquidity "restored almost as suddenly as it had gone"! There is thus no magic about the curing of depressions, and with this illuminating admission we may leave Part I and proceed to matters which more nearly concern readers of this review.

Part II, in which the Commissioners investigate various proposals for monetary reform, deals at some length with Social Credit, and is concerned primarily with the contention that the normal working of the monetary system tends continually to bring about a shortage of purchasing power in the hands of consumers; a contention concerning which they bring in a verdict of Not Proven. As a consequence, the proposals for making good the shortage are dismissed as unnecessary.

Their analysis deals first and at some length with the A + B Theorem, and later and superficially with the results of saving and investment.

Of their treatment of the A + B Theorem, perhaps the less said the better. Pages of argument are devoted to showing that B payments have either figured as A payments in the past or will be used to provide A payments in the future; all of which is as true as it is utterly irrelevant to an analysis which essays to compare the simultaneous *rates* of flow of two streams—those of incomes and of prices. The Commissioners are by no means the first or only people to become hopelessly bogged in efforts to hunt down B payments, and the present writer has no intention of undertaking the thankless and unprofitable task of extricating them.

It may, however, be not unprofitable to undertake a closer examination of the subject of the investment of savings, whether by consumers out of income or by producers out of profits extracted from consumers' income. In their discussion of this subject the Commissioners have failed to grasp the essence of the problem. They are concerned to show that money saved and invested is spent in various ways, and so finds its way again into consumers' hands in payment for their various services in connection with the undertaking in which the money is invested. There is therefore, they argue, no loss of purchasing power to consumers.

But the problem, as seen by the New Economist, is not concerned with the maintenance of the volume of consumers' income, important as that is. It is concerned, at any and every moment, with the volume of consumers' income *relatively* to the volume of outstanding costs which, sooner or later, must be defrayed by income. Every economic activity, every movement or transfer of money must be examined for its effect upon the costs/incomes ratio. This ratio is the economic touchstone.

In what follows the question of net profits will be excluded. The payment of dividends to consumers will be regarded as simply a redistribution of consumer-income, which does not affect either the total of incomes or the costs/incomes ratio. The social results of such redistribution are outside the scope of this enquiry.

Money, in industry, may be said to exist in two forms, either as (A) consumers' income or as (B) producers' capital, and it is continually in process of transfer from either form into the other. (B) is converted into (A) by the payment of wages and salaries and creates new costs in the process, but (B) is not available for defraying costs, though it can transfer them within the industrial system. Costs can be defrayed only by the conversion of (A) into (B). But it does not follow that the conversion of (A) into (B) necessarily defrays costs. The conversion of (B) into (A) creates costs, and while (A) remains unspent, i.e., unconverted, there are costs of this amount outstanding—unrecovered. But when (A) is invested, it is converted into (B) without defraying any costs. If this (B) is now used to pay wages for producing or progressing new consumers' goods it is again converted into (A) and creates a fresh cost, leaving the earlier cost still outstanding. One or other cost can be defrayed by (A) but not both. The costs/incomes ratio is thus increased. *

*Anyone doubting this should read Chapter III of "The Flaw in the Price System" by P. W. Martin (P. S. King & Son). If, as advised therein, he will take some counters, some slips of paper and a pencil, and follow the author into the wilderness where the Children of Israel are gathering and distributing manna with the aid of shekels, he can put the truth of this past controversy.

But when (A) is invested and converted into (B) it is frequently used for the purchase of new *capital* goods, and in doing so it defrays the costs of these. It must be noted, however, that when money is invested in new production, not all of it is spent on capital equipment; a proportion is retained as working capital, and used to pay wages and meet other expenses until the sales-revenue stage of production is reached. That proportion increases the costs/incomes ratio directly, as just explained.

But the major portion, used to purchase capital goods, does defray the cost of them. In doing so, this money becomes for the moment immobilised; it is paid into a bank, where it either reinstates a producer's depleted credit-balance, or is cancelled in the act of repaying a loan. In the case of consumable products that would be the end of the matter; the goods would be taken out of the industrial system, and the money, rightly, retired.

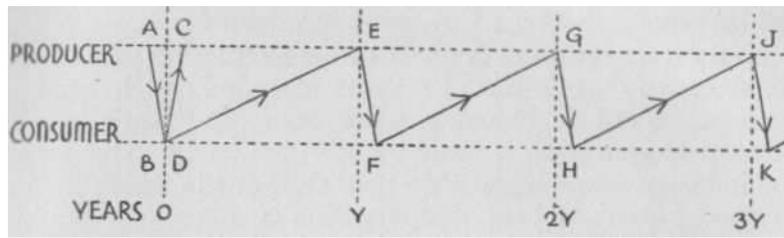
But in the case of capital goods, it is not the end of the matter. It is a new beginning. The producers' financial capital has been converted into physical capital. It still remains within the industrial system, and it must be fully and indefinitely maintained. This is accomplished through the agency of depreciation charges; charges which, it must be noted, have nothing to do with current overhead charges for current repairs.

The Commissioners say:

The effect of charging depreciation as a cost is to provide that an equivalent amount shall be withheld from distribution, and thus in time provide a fund for the replacement of these assets or for the eventual return of the capital invested in them. It is not usual for the amount set aside for depreciation, or as reserves for other

purposes, to be withdrawn from the business and separately invested. In nearly every case the amount is retained in the business, and used as working capital, out of which wages and expenses are paid and materials are purchased. It is clear, therefore, that in these circumstances the amount set aside for depreciation is not lost as purchasing power.

They also say that “there appears to be a good deal of misunderstanding about the effect of depreciation upon purchasing power.” There certainly does, and the examination of a simple diagram may perhaps help to dispel it.



The full lines of the diagram represent the various payments made between producers and consumers in respect of the original construction and subsequent major replacements of any given capital asset, costing £X, and estimated to last Y years.

The vertical distance between the horizontal dotted lines represents £X, and the dotted ordinates are placed at Y-yearly intervals along the horizontal time-base.

AB represents a distribution of £X (derived from a bank loan) by producers to consumers during the construction of the plant. BC represents the payment of £X to producers by consumers in their capacity of investors (thus enabling the producers to repay the loan, and the bank to immobilise the money).

DE represents the payment of £X by consumers, in depreciation charges, during the first Y years. EF represents the distribution of this sum to consumers during the first renewal of the plant. And so on for subsequent life periods.

Orthodox economists usually contend that, over industry as a whole, payments in one direction (DE, FG, etc.) at any time are balanced by payments in the opposite direction (EF, GH, etc.).

In the normal course of industry it is the producer who *first* accredits the consumer, *via* wages and salaries for productive labour, and *later*, recovers the money *via* prices of the ensuing product. From this standpoint, EF is an accrediting of consumers to enable them to meet subsequent charges FG, and so on. Similarly, AB is an accrediting of consumers to enable them to meet charges DE, and this they could do were it not for the fact that they part with this sum by making the payment BC, in the form of share subscriptions. It is this payment BC—this investment of income—which breaks the alternating rhythm, and causes the trouble.

All industrial concerns, and their extensions, can be divided into two groups; those in their first life period, and those in their second or later periods. Group I, therefore, comprises all businesses which have not yet reached point E, while Group II comprises the remainder, i.e., all those which have passed point E, no matter how far.

Now from the point E onward, the alternating payments balance, so that Group II may be regarded as a balanced group. (And if industry were composed entirely of Group II concerns, it could be self-liquidating. But such an industry would be an old-established one in which there was no growth and no improvements in process; it would be a stabilised economy moving with uniform velocity.) But every member of Group I is unbalanced, and no balance can possibly be attained by superimposing any number of Group I diagrams one upon another. So if Group II is balanced, but Group I unbalanced, Groups I and II together, i.e., industry as a whole, must be unbalanced in respect of these payments, though to a less extent than Group I by itself.

The Commissioners tell us that the sums represented by DE, FG, etc., are normally placed to the account of the business and used as working capital (or, presumably, lent by the bank to other concerns for a similar purpose), and so return again to consumers as income. But these depreciation charges are sums abstracted from consumers' incomes, as *gross* profits, and converted into working capital without defraying any costs. Before these sums were so

taken from consumers there were costs of at least the same amount outstanding against them, and, as we have seen, the re-conversion from capital to income adds a second lot of costs without any increases in the income. The costs/incomes ratio is increased, and a deficiency of income results.

The situation is little better if these sums, instead of being used as working capital in the business, are invested outside (as is more often the case in this country) and used to purchase capital goods. If so used, they form the BC payment for a new diagram, and start a fresh source of trouble. So used, they necessitate that the system must

X

expand at the rate of $\frac{X}{Y}$ —worth of capital goods per annum for every business in Group I.

Even this rate of expansion will not suffice, however. A new BC payment provides the occasion for a new AB cost distribution. But does AB equal BC, as the diagram shows? This AB cost is, in the last analysis, composed partly of payments to consumers and partly of depreciation charges. If the new capital goods are produced entirely by Group II concerns, these depreciation charges will be balanced by payments in the opposite direction, while if they are produced entirely by Group I concerns they will be totally unbalanced. Over industry as a whole they will be partially unbalanced, and the unbalanced amount must be promptly invested. It will then pay the price of further new capital goods, which price will contain its quota of unbalanced depreciation charges, necessitating yet further investment, and so on. The process has no end. Every attempt to restore the balance introduces a new unbalancing factor. *

*The diagram therefore, in showing AB as equal to BC, favours the orthodox case.

So, bearing in mind that the main characteristic of Group I concerns is that depreciation charges form a continually rising percentage of total costs, as a normal result of mechanisation, it will be seen that, even with indefinite expansion, the payments to consumers must necessarily lag behind the abstractions from them; while costs mount up in excess of incomes with every provision of working capital for the expanding fixed capital.

There is one final comment to be made upon the Commissioners' criticism. Dealing with the subject of credit cancellation, they say:

Provided that the bank is able and willing to lend the money to some other borrower, the repayment of a bank advance or overdraft has no more effect upon the purchasing power of the community as a whole than has repayment to any other lender.

That is true only so long as loans remain outstanding long enough to enable traders to dispose of the goods financed by the loans. If the loan is recalled before this happens, so that the trader is forced to realise other assets, then a body of costs is left unrecovered. The re-issue of the money to another trader will create a fresh body of costs as fast as it reaches consumers as income. It follows, therefore, that if the rate of credit cancellation be too rapid, the costs/incomes ratio will be increased, even though the total volume of bank credit be maintained.

So we see that, quite apart from alterations in the total of money due to banking operations, the normal working of the system produces an ever-widening gap between the incomes of consumers and the costs which, sooner or later, those incomes must meet. And the gap is nonetheless real because the meeting is often later rather than sooner. The system continually tends to work itself to a standstill unless this gap can be filled. The normal condition is one of slump; intermittent periods of prosperity (so-called) coincide with special efforts to fill the gap. These efforts manifest themselves in various guises, but there is one factor common to them all—credit expansion.

Up to date that credit has been "producer-credit." Whether issued to governments, municipalities, or industrialists, it has been issued as debt and has reached consumers as income only in the form of wages and salaries for new production—mostly of a capital nature. One thing is certain: the issue of money to fill this ever-widening gap through the channels of producer-credit can offer no final solution of the difficulty. Failing any attempt to cope with human inventiveness on Erewhonian lines, it condemns mankind to a development of his material resources at a rate which must ultimately become physically impossible.

It might be possible to cope with the ever-growing debt. With a publicly-owned central bank, a gentleman's agreement might be arranged between the government and the bank board that no efforts should be made to pay off government debt. If, further, the interest rate on the debt to the bank were progressively scaled down, so that the total interest payments were only sufficient to meet legitimate central bank expenses, the "burden of the debt," as the

phrase goes, would cease to have much meaning. Signs are not wanting that events are tending to move in this direction. But even this would leave the major problem almost untouched.

Had a full realisation of this situation been brought home to the Commissioners, Part III would have been a very different and a vastly more interesting document.

The Commissioners consider that the policy of the Commonwealth Bank should be primarily the flattening of the humps and hollows of the trade-cycle curve, or, as they more euphemistically express it, “the reduction of fluctuations in general economic activity in Australia”; to which policy such considerations as the stabilisation of the price-level and of the sterling exchange rate, however desirable in themselves, should be subordinated. The issue of credit and currency should therefore be controlled with this end in view.

How far their various recommendations will assist the central bank to implement this policy is a matter for bankers and Treasury officials to debate, and, judging by the critical analysis of some features of the Report in a Circular (No. 4, Vol. 7) of the Bank of New South Wales, there is likely to be some diversity of opinion. The Commissioners foresee the possibility of conflict between the Bank Board and the Executive of the Federal Parliament, which is ultimately responsible for monetary policy, and they rightly hold that the last word must rest with Parliament. But in practice, so long as both parties accept the main premises of the banking systems of the world, the last word would rest with the Bank Board. In a conflict between a government, clamouring for credit expansion in face of the ever-widening “gap,” with its accompanying “unemployment problem,” and a bank board determined to conserve the liquidity of its assets, the board holds the trump card in the threat of an “inevitable” financial crisis if the government persists in its course.

So long as credit issue is solely in the form of producer credit, and at the mercy of a cash basis, and so long as prices are at the mercy of credit issue, so long will any government find itself between the devil and the deep sea.

The aim of the Commissioners is “the fullest possible employment of people and resources under conditions that will provide the highest possible standard of living.” That way lies the road to hell, and it is paved with producer-credit and wage-slavery. Economic freedom can be attained only under conditions which will provide the highest desirable standard of living obtainable with the maximum use of plant and material resources by the *smallest* possible number of people working the shortest possible hours.

Such conditions necessitate that producer-credit in the form of debt shall be supplemented by consumer-credit free from that stigma.

The Backbone

BY E. J. ROBERTS

ANY movement desirous of any appreciable measure of success in this country must take into serious consideration that indefinable section of the community known as the middle class—the backbone of our country’s stability. It is rather difficult in these changing times to define what one means by the middle class. The ideas of the last century no longer hold good, and, in stressing a few points on this very important section of the population, it would perhaps be well in the first place to attempt to find out the rough limits of the groups we wish to consider.

Personally, while I find considerable appreciation in a witty definition, I fear that in defining the limits of this middle class of ours one must be very careful indeed. It is not enough to define the people comprising it as “non-overalled” or “salaried” workers or even as house-owners (mortgaged!), because one can always find dozens of examples which ruin the classification. Perhaps some brilliant wit has found a fitting definition, but I have not met it. Yet I think we all unconsciously know the limits of this group. From my own point of view I deplore the use of the term “class” altogether—it seems to smack so unpleasantly of the Red Flag and its attendant enthusiasts. However, I suppose it is one of those unfortunate terms which have become an inherent part of our lives.

Let us then consider for a moment some of the people who make up the middle class. We must, of course, include primarily all professional people, doctors, lawyers, clergymen, teachers, engineers; but we must not overlook the vast army of office workers and tradespeople. I think we cannot but agree that the range is exceptionally wide, and in view

of this must realise the importance of the ideas held by these people to the welfare of a community. One or two points, however, stand out. These people but rarely appear on the stage of our national life. Their deeds are seldom chronicled by the daily press, and their views are hardly ever aired in public. These are the quiet people, the residents of the “avenues,” the “gardens,” the “terraces.” Lauded to the skies in times of crisis by vague politicians, forgotten in times of depression, cursed by the revolutionary and the autocrat alike, despaired of by the reformer, these are the people who give to this land of ours its national characteristics.

It may not seem to be of much interest to examine critically such ordinary people as these—people we meet in the bus, in the shops, in the pictures and theatres—but unless we are careful we shall make the old blunder of allowing familiarity to breed contempt.

Perhaps the greatest setback to the youthful and enthusiastic reformer in any sphere of social affairs is the slow or rapid, as the case may be, realisation that by far the greater proportion of the people will not display any enthusiasm whatever for the ideals of the would-be enlightener. Among people who have communistic tendencies the effect is to desire mass executions, ruthless over-riding of the bourgeoisie; and, strange to relate, their opponents the fascists find exactly the same reactions. In view of the fact that we are a nation of middle-class people it is not to be wondered at that neither Communism nor Fascism have made any appreciable headway. Indeed, it is a most hopeful sign that the main block of our people refuse to be bullied by extremists, though if progress is to be made some movement is clearly essential.

A man of the middle class *owns* something. He is not a hand-to-mouth individual, liable to be penniless and even homeless next week. No, the typical Britisher has something to lose, and solely on account of that, if for no other reason, he is cautious. If his conditions of employment are such as to render him liable to the stress of a period of unemployment, then this fear of losing what he has becomes a chronic disease encroaching steadily on his mental peace and reducing him to a nervous wreck.

It has been said, very truly, that a people who are in debt for their homes are easily governed. It is obvious here that the mental state of the mortgaged householder is that of ultra-caution. This man will avoid movements considered as being revolutionary like the plague, for if the critical balance of the country's finances were to be upset—well, anything might happen. Consider the effect of debt on an individual. He is always looking forward in the day when the house, the car or the radio will be his own. In the meantime he subconsciously feels that he is living in a little better style than he really can afford, and so he is desperately, even pitifully, anxious to maintain his confidence. To feel shabbier than his neighbours, to be out of step with his fellows, to be considered tight-fisted by his clubroom associates—all these factors weigh on his mind.

After all is said and done we must remember that the human mind, with very, very few exceptions, is extremely limited in its capacity. The great majority of us are essentially simple in our mental powers, but how we cloak and shield this “normality”! Consider for a moment the pompous airs, the cultivated accents, the clothes, the cars, the homes and the gardens with which we surround ourselves. We are ever seeking reflected prestige from our possessions and our associates. To how many people do we allow the almost sacred privilege of knowing us as we are: little doubtful souls, fearful of being found out to be what we realise we are, nonentities? We may have acquired impressive knowledge in some specialised branch, we may have developed outstanding personalities; but, deep down, what are we? And so we go on, limiting our circle of friends to those we feel will be merciful to us, to those who can appreciate our limited talents.

The mind becomes concerned more and more with the immediate environment, the tendency becomes more and more to shut the door against the world and its mad tangle of confusion and horror, and to live within the small orbit of one's own circle. It may be the habit of the ostrich, but the individual seeks happiness and peace of mind above all things. Fear stalks the outside world; close the door, pull the curtains, mend up the fire, we have enough to worry about without rushing madly into idealistic schemes for putting things right. How do we know that you won't bring even what little happiness we have to nought, that our homes would not be smashed to ruins in the upheaval? And so we of the middle class sit tight, hold on to what we fondly believe is ours, and live for today, trusting in the insurance company to look after tomorrow.

Do you rage and fume with the revolutionary? Do you snap out your bitter impatience, as you reveal how much you despise us? If so, you have either never known the fear of economic stress or else you have not enough in worldly goods to make you really care what happens.

If you have a community in which the vast majority of the members are free from fear of economic stress, then you

have a state of affairs in which intelligence can flourish and take its rightful place. In our case, however, we have an intermediate stage. Most of our fellow countrymen are free from that despairing recklessness which leads to a demand for a change of conditions, even if it be only a reshuffle; and yet few of our fellows are free from the ever-present fear of what would happen if one failed to keep up with one's obligations. The keynote of the middle-class outlook is fear—right up from fear of what Mrs. Robinson will think if the curtains are not washed this week, to the nightmare fear of financial collapse.

In view of all this, is it fair to be irritated by absence of action on the part of the majority? In common terms, the majority of people have on their plates as much as they can manage, and their refusal to support to any marked extent movements designed to end the chaotic world conditions should not be taken as contrariness or stupidity, but simply what it is—fear. To employ a metaphorical angle, they are too busy keeping their own canoes afloat to pay more than the most superficial attention to people who shout about altering the flow of the river. Can they be blamed for this attitude?

Now, progress must be made; for even the most ostrich-imitating member of the community cannot fail to see that the stress and strain of conditions is increasing rapidly. If you hope to excite the mass of the people of this country into violent action you are doomed to disappointment. If you pause for a moment, can you fail to see that what is the most pressing need for the majority is confidence? Take this word “confidence” in its real meaning—not that used to mean willingness to borrow more credit—and see what I mean. It is a rather distressing fact to observe the current attitude of so many people: “Well, what does it matter what I think or try to do? I'm only one, I could do nothing. If there's a war, well, I suppose I'll have to go, and that's all about it.”

If only people begin to realise that “many mickles mak' a muckle”—that many little “I's” make a really weighty “we”—then movement will begin. Those of us who are aware of the possibilities of associated effort must be tolerant, helpful and patient in our dealings with our fellows. Nothing but harm can come of ranting and raving about the stupidity, narrow-mindedness, the self-centered outlook of people, and so on. All that happens is that the would-be reformer is left to blow off steam and the door is gently but firmly closed in his face.

Give our own people confidence in their own ability to put things right. Let them see by small associated efforts on parish councils, local institutions and voluntary organisations that, by getting together and quietly but insistently demanding that their wishes be heeded, they, “the little men” of the cartoonists and press, can be more effective in straightening out the confusion of this world both for themselves and others less fortunate than all the noisy strutting careerists in the world.

Once people realise that they, in association—in co-operation—with their neighbours and fellow citizens, can control the policy of local authorities, then it is but a natural step forward to the realisation that in association with their fellow countrymen, the destiny of our country can be controlled along roads which lead to a saner and happier world. Can any Britisher not feel at the bottom of his heart a burning conviction that we *could* lead this mad world to sanity, that we *could* set an unparalleled example which would inevitably be followed by the rest of the nations, if only we could get up steam and move off?

The steam can be generated in a thousand and one little places—wherever there is a common “want,” wherever there is a will of the people seeking expression; and although very few of us will ever have the opportunity of opening the throttle to set in motion the train of progress, what better work could we find than that of being generators of steam?

Ask and It Shall Be Given You

BY BERNARD ROWNTREE

NOT may, could, perhaps—but SHALL be given. Away with all this talk about wresting a living from the soil. For all we know to the contrary, as long as man has inhabited the earth Nature has been more than willing to supply him with everything he could use, and in great abundance.

What has stood in the way, and what still stands in the way, of man's enjoyment of Nature's prolificacy? Man's ignorance and stupidity. Soil to produce good crops, square miles of forests, minerals in untold quantities, wind,

water, tide and sun power unlimited, animal life of every kind. And man, puny man, who is conceited enough to want to believe that he was created in the image of God; man, who likes to think he is higher than the animals because he is “a thinking being”; man, who boasts that the earth was created for his use—what a botch he has made of it! He has wasted minerals, destroyed forests, nearly wiped out certain forms of animal life, and in the United States is on the verge of ruining millions of acres of farming land; to say nothing of the millions of human lives he has dwarfed, restricted and destroyed.

We do not know what “the one hundred per cent man” is or should be, mentally, physically and spiritually. Some scientists believe the mental age of a person determines his limit of mental development. Others hold there is no limit to mental growth, as long as the desire and the will to grow exists. Be that as it may, every honest person knows he has not developed as he might, and no person believes he has reached his limit, in body, mind or soul.

In the Gospel according to Saint Luke Christ endeavoured to teach His disciples the value of persistency. One parable tells of the man who arose in the middle of the night to comply with his friend’s demand for food, and another parable of the unjust judge who finally gave justice to the annoying widow who pestered him. There are two lessons to be learned from these parables. The Church has preached that they are to teach us to be persistent in prayer to God. It is quite possible that Christ, with His wonderful knowledge of human nature, had other lessons to teach us, first, that we can get results from others if our demands are persistent enough, and, secondly, that we can obtain greater results from ourselves if we persist in demanding more of ourselves.

We have no way of knowing the value of Nature’s bounties. We go into the forest and cut down a tree. We dig up ore or drill for oil. We domesticate animal life. What are these worth? We talk of the “cost of production,” but we know nothing of the cost of producing all that we claim as ours and use so lavishly. Who can estimate the value of sunshine, or of the air we breathe, or the water we drink? If it is wrong to accept something for nothing, who will pay the penalty for the crime we all commit?

Be it principal or dividends, we all receive and accept much that we had no hand in producing. We say a fisherman should sell his catch for a profit over and above the cost of production, but we do not consider the real cost of the fish, only his cost of taking them. So it is with all we use. Nature does not demand payment for her gifts. We accept them as something for nothing. Ask and it shall be given you—free.

VERSE

Peace

PEACE they have likened to a timid dove
Which needs must flutter terrified away
If War but raise his finger. Then is love
A weaker thing than hatred? No, I say!
That is not Peace which dares to lift its head
Only when War, exhausted by excess,
Lies cumbered with his multitude of dead,
Sick, even himself, of his own frightfulness.

Peace is a growing life within the womb
Of young and lovely Plenty, whom they take
And bind, and seek to cast into the tomb
Prepared for Poverty. They shall not make
Of these grim agonies which rack the earth
The pains of death; for they are pains of birth!

GEOFFREY DOBBS

Fulfilment

THE sea, I said, the infinite sea . . .and look'd
Into the ocean of the mind, and there
Beheld a thousand living wonders of the deep.

Mother-of-pearl, and starfish; wheels and whorls
Of money colour and of sun-bright hues;
Fishes with iridescent sides, and scales
Gemlike, transcending dream. Brown caves,
Green weed, white conches, pebbles
And pearls . . .

In that same sea I found
Barnacles, rocks, and slime; and rotting flesh
On dead men's bones; and other nameless things
Giving forth iridescence that was foul.
Floorless abysses; and there were fish that stared,
Sightless and cold; creatures that warred and died . . .

What myriad things, I cried, go to make up
The ocean of the mind—for mind is not
A Pool, but Sea.

A little rock pool,
Troubled by a breeze—one that in calmness
Mirrors faithfully the sky's deeps,
Knowing not space itself—such was my mind
Until (broken and emptied by a wave
That sprang into its heart and undid all
Tranquility), it knew itself to be
One with this mighty object that I view—
The sea . . . the limitless sea.

B. W. KITCHING

“Rarely, rarely—”

O tender, sinuous, clear, and piercing sweet,
One perfect phrase climbs through the golden air;
Hovers, a trembling mystery—complete—
Then slowly fades into the radiance. There

Fades into silence. Nothing less were meet
To hold such beauty in its curving plane,
To fold in stillness the pulsating beat
Of notes whose music may not come again.

Yet in a sphere beyond both time and space,
A changeless entity of sound, it lives;
And, while I feel the tears upon my face,
I know the healing which its cadence gives.

Such is the hour I hold in life most dear;
Before and after, silence; yet I hear.

B. M. PALMER

In a Train

A SUDDEN hint of spring through open windows blown
Wakens our hearts, long winter-drowsed, to keen delight;
Now rows of budding trees are seen, and now the crown
Of some fresh wind-swept upland blithely comes in sight.

With dream-like swiftness now, the panorama shifts—
A crooked town, a field, an April-misted lane;
Heavens are festive blue alive with darting swifts,
And clouds are Arctic icebergs travelling with the train.

The gay, the proud, the sad, travel at steady pace
Blindly to some strange Land the dead alone may know.
How travelling in a train resembles life's long chase
Through fields of happiness and factory-towns of woe.

HERBERT BLUEN

Calculated to Die

“Insurance and Banking.—Examinations and Accounting.”

By Herbert L. Davis, LL.M (The Christopher Publishing House, Boston, Mass., \$4.50).

IT is a trite saying that there is safety in numbers, and two of the largest businesses of modern times are founded on this aphorism. Whilst it is impossible to predict that any particular individual will die in a year, it is possible to state fairly accurately the proportion of a large number of men of the same age as that individual who will die in a year. It is on knowledge of this nature that the business of life assurance is built. Likewise, whilst one cannot foretell what proportion of his balance any particular depositor at a bank will draw in cash, the proportion that a large number of depositors will draw is known reasonably well.

Banking, however, does not rest on such secure foundations as life assurance. For man has a strong instinct to live, so that the probability of death depends little on personal whims, but a run on a bank can easily be caused by change in sentiment. In comparison with life assurance, banking may be said to be in unstable equilibrium. Whilst an increase in deaths due, let us say, to an epidemic would not make us expect a similar increase thereafter, a widespread withdrawal of deposits will, of itself, tend to produce more withdrawals. The fact, which is so easily overlooked when things go right, that a bank has made itself liable to pay in cash vastly larger sums than it has or can have in its coffers is then brought to the foreground.

There is one other thing that banking and assurance have in common. They both control large funds. In life assurance these funds have accumulated through the practice, which is now almost universal, of charging a level premium for an increasing risk. The sums collected by the office in the early years are greater than claims, and the balance has to be conserved for the time when this process will be reversed.

Herein lies an opportunity and a risk. The funds may be invested to earn interest, which will enable larger benefits to be paid. But the capital value of the funds may thereby be jeopardised. Furthermore, an ill-managed office may use the funds, which are held to meet future claims, for paying present claims, and without check it might be many years before the real bankruptcy of the office were perceived. In general, however, this kind of malpractice does not take place, and insurance managements exercise nice discrimination between the demands of capital and interest. Nevertheless, supervision is desirable and, of course, is welcomed by the best-managed offices, which are able to make very satisfactory profits without fraud.

In America supervision is far more thorough than it is England. Each State has its own examiners who investigate in detail at regular intervals the assets, accounts and actuarial liabilities of all companies, whether well or ill managed, whose head office is domiciled in that State. The State Insurance Department also arbitrates between policyholders and insurance companies.

In England very comprehensive returns are sent to the Board of Trade, which may query them, but if, as usually happens, they appear satisfactory, will order no examination of the office. Furthermore, in England there are no special insurance courts to hear disputes between policyholders and offices conducting ordinary business. The nearest approach to an American examiner is the industrial assurance commissioner, whose office was set up by the Industrial Assurance Act, 1923. He arbitrates between policyholders and offices conducting industrial business, and may order an inspection of any office which he suspects of contravening the 1923 Act.

An account of the principles to be followed when examining banks and insurance companies is to be found in this book. The author, who is a former Referee and Auditor of the Supreme Court of the District of Columbia, has a wide experience of these matters. His own examinations show integrity and acumen, and his book will be useful to those who wish to acquire a practical knowledge of this subject.

He rightly emphasises the value of plain language in any report made by an examiner, and it is a pity that his own style is so bad. For instance, he is fond of expressions such as “early made it persuasive” for “quickly showed”; “thrown into the discard” for “abandoned” or “discarded”; “designate differential characteristics” for “differentiate,” etc. And what is one to make of such sentences as “In some States, receivership proceedings are usually predicated of the occurrence of waste or abandonment, to prevent the dissipation of the Estate or to avoid the attack of creditors,

urging precipitate action in disposing of the property”? Furthermore, the book is full of repetitions and contains several irrelevancies. A poem on Will Rogers (even if it were good poetry) is out of place in a book of this description.

A small point that may be noted is that the rate of interest which, in Chapter VI, Mr. Davis calls the effective rate of interest is known (in England at least) as the nominal rate of interest convertible half-yearly.

The author takes it as axiomatic that banks and insurance companies, when well managed, confer benefits on the community. It is perhaps too much to expect to find an examination of the wider aspects of the work of these institutions in a book of this specialised nature, and questions such as the wisdom of inculcating money thrift in a community where money does not reflect reality, or whether private control of credit is preferable to communal control of credit, are not discussed.

A.W.J.

NOTES

Mr. Aldous Huxley’s book, “Ends and Means” (Chatto and Windus, 8s. 6d.), was to have been reviewed in this issue. Its contents are of such interest and importance to readers of *The Fig Tree*, however, that it requires expanded treatment, and this we hope to accord it in the June issue.

The price of “*La Crise et son Remède le Crédit Social*,” by Armand Turpin (Hull, Quebec), originally stated as \$1, is 7d.

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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 (and 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
Social Credit, by A. Hamilton McIntyre, C.A.

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
Why Poverty in the Midst of Plenty? by the Dean of Canterbury
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 Jacques
How to Get What You Want, by G. F. Powell and G. W. L. Day
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

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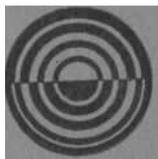
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