THE FIG TREE

A Douglas Social Credit Quarterly Review

Edited by C. H. Douglas

Contributions by

The Editor
A. C. Cummings
W. L. Bardsley
R. L. Northridge
Stella Gibbons
A. Hamilton McIntyre
Llewelyn Powys
Eric Gill

and others

Regarding the Canon
Europe in Pursuit of the Larger Lunacies
Escape from Utopia
The A + B Theorem
Six Characters in Search of a Sandbag
Thirteen Years of Progress
Accidental Reflections
The Leisure State

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Editor: C. H. Douglas
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CONTENTS

Regarding the Canon The Editor 4
Europe in Pursuit of the Larger Lunacies A. C. Cummings 5
Escape from Utopia W. L. Bardsley 8
The Church and Usury James Parkes 11
Bolsover Carves a Career Charles Jones 13
The A + B Theorem R. L. Northridge 19
Six Characters in Search of a Sandbag Stella Gibbons 26
Thirteen Years of Progress A. Hamilton McIntyre 28
Accidental Reflections Llewelyn Powys 39
The Leisure State—A Criticism Eric Gill 41
—A Reply Miles Hyatt 42
Unemployment as an Industry Robert Henderson-Begg 43
G. K. Chesterton F. H. Drinkwater 46
Two Pieces Geoffrey Dobbs 47
Reviews 48
Social Credit and Bird Life The Marquess of Tavistock 49

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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.
Regarding the Canon

By C. H. DOUGLAS

This quarterly is probably unique in that it neither claims to fill a long-felt-want, nor does it specially hope to do much better that which is already being competently done by others.

Yet it has claims upon your consideration. Its object is Realism dissociated so far as is possible from either qualification or pose. Most of its contributors, and certainly its editors, hold that Idealism is just as inseparable from Realism as one end of a stick is from the other and that environment reacts upon ideals just as, and possibly more generally than, ideals affect environment.

There is a third factor, however, to which I have on occasion referred as the Canon. Probably none of us knows what it is, but nearly all of us recognise it when we meet it. Adam the architect had it, as anyone who knew the disappearing Adelphi Terrace would admit. The bungalow growths which disfigure our South Coast emphatically have not got it, nor the newspapers whose circulation is based on trials of murder and divorce cases.

The new Bank of England, which is a calculating-machine-fortress inside and a Sir John Soane classical façade outside, has not got it. An apt phrase, a racing yacht, the Quebec Bridge, all in their special way may have it. They are Right in the sense that the engineer speaks of having got it Right, because they are as nearly as possible the embodiment of the ideal in the mind of their creators, and they do their job.

Probably few of those who have had the patience to read the foregoing words would deny that civilisation has departed from the Canon. We believe that the major reason for this is quite simply that a financial criterion rather than a realistic standard of Rightness has become its guide, and that in consequence the world is given over to the Father of Lies—the Enemy of Truth—and that the Money System is his chief tool.

We believe this because we know how the Money System works, who controls and benefits from it, and, further, what changes would tend to make it realistic.

But while holding these views strongly, we hold even more strongly that it is Results, as measured by human satisfaction, which are important. To put the matter beyond question, we believe in Democracy of the Common Will, but emphatically we do not believe in Democracy either of the Intellect or of the Emotions, which lead direct to dictatorships. Dictatorships either of the proletariat or the banker are abominable and in essence similar. Both are slavery more or less concealed and both almost equally distort and pervert industrial and economic work, or employment, into the chief object of existence in order that the slavery they desire may be perpetuated by one means or another.

No informed reader of, for instance, the chief London newspapers can be under any delusion as to the consciousness of this aim. It is subordination to a system, which is desired. Results, to our moulders of thought and action, are to be measured in abstractions such as balanced budgets, monetary profits, increased trade. Human statistics are, it is true, valuable to insurance companies as a guide for the assessment of premiums on a profitable basis, but “it’s your money we want.”

If this appreciation of the state of world affairs is just, we think the gravity of our case must be apparent. If ideals and environment react mutually, the ideals, even of well-disposed persons, which are formed by reaction from an environment consisting of false abstractions, must and do take us still further from the Canon.

The immeasurable harm which is done by enthusiastic and no doubt wholly well-meaning “planners,” not to mention the political spell-binder with Old Testament proclivities, is in the main due to this acceptance of false premises, and, as was so wisely said by Professor MacDougall in “Character and the Conduct of Life,” increasing familiarity with world affairs does not in itself provide a remedy. What is necessary is de-hypnotisation—a task in which all the Interests, the Dominion and Glory are ranged on the side of the hypnotist, and every invention and advance in material science is pressed into his service by the control he exercises over the mechanism of Finance.

If ordinary standards of measurement were to be applied to the task I have endeavoured to outline, the disproportion between the means, of which this Review is one, and the end, would be so ludicrous as to raise legitimate doubts as to the sanity of our outlook.
But in fifteen years the associated ideas of Social Credit have spread from a few articles in the English Review to every country on earth, have elected one Legislature and a Dominion Parliament, and are profoundly affecting the policy of others. With no delusions of grandeur, therefore, THE FIG TREE putteth forth its leaves.

Europe in Pursuit of the Larger Lunacies

By A. C. Cummings

DISORDERED Europe, fantasy-led, continues in pursuit of the larger lunacies.

Commodity-wealth fills her factories and blossoms in her harvest-fields; she sabotages it lest her semi-starved millions should benefit. Cheap power, seen wherever the dynamo spins or the internal combustion engine thuds, offers progressive release from toil; she inhibits its use and binds again the peasant to his sweating labour. Gold from the ends of the world pours in upon her; she buries it deep in the earth and by fetish-worship makes it god—the god Melkart, eater of children. Freedom, peace and economic democracy are hers, given the will to seek them; yet she drives ever faster towards autocracy, “totalitarianism,” armaments, and the negations of liberty.

Hate and fear, frustration and the menace of war are the determinants of Europe’s political and economic life today. Hate between the “haves” and the “have-nots” — the “have-nots” in ignorance of what they might have. Fear, because of the ever-accumulating rancours of unnecessary economic rivalries. Frustration, so that increasingly the dispossessed believe there is but one way out of their degradation—the way of revolt and bloodshed. And, over all the minor neuroses of the individual nations, the major conflict projects itself in a nightmare race for the multiplication of guns and forts, aeroplanes and warships, poison-gas and the rest of the appalling ingenuities of death.

On a far vaster and grimmer canvas, Europe in this age of power and wealth repaints the spectacle, enlarged a hundredfold, of the condition of England nearly a century ago when Carlyle’s “Picturesque Tourist” rode away from the workhouse of St. Ives, in Huntingdonshire, reminded of Dante’s hell.

“With unabated bounty,” wrote Carlyle, “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.’

Will Europe ever free herself from such enchantment? Little as yet shows that she even wishes to turn against the spells of her witch doctors. Those whose business it is to assess and forecast, talk gravely of “Recovery or Relapse?” and warn us that the nations are still struggling hard to avoid the abyss to the brink of which the Great War brought them.

True, industrial production, led by Soviet Russia, has recovered to the level of 1929—that dubious high-water mark before the economic tide left the world stranded. Unemployment has lessened in many countries. Prices for agricultural products have improved somewhat. And so on. But how much of this economic betterment is due to unparalleled armament schemes; how much to conscription and colonial war that have put hundreds of thousands of men in uniform to be maintained at the taxpayer’s direct expense; and how much Nature’s and man’s sabotage of food-crops has helped, the relevant statistics fail to indicate.

FRANCE’S SHADOW-SHOW

More obvious than the economic trends, because the newspapers dramatise it daily, is the political shadow-show behind which they operate. France has a new government. It is a colour-scheme of pink and red with neutral tints to help out the pattern. Its supporters talk of a struggle that “may well decide the fate of democracy in France.” The overthrow of the regents of the Bank of France is what is meant. But the enemy is not one to be frightened by Socialist battle cries. It has a century or more of experience of governments and it sets them up and knocks them down with the skill of an accomplished ninepin player.

The Bank of France is a Napoleonic creation. It is a private firm with about 40,000 shareholders. Only 200 of these,
however, can vote for the regents who are the dictators of policy and the controllers of all its affairs. There are eighteen regents in all; the State appoints the governor and two vice-governors, and there are three representatives of the Treasury. The remaining dozen regents represent banking, industry, commerce and agriculture. Included are nominees of such financial houses as the Rothschilds, the Hottingeurs, the Neufizes, Lazard Freres, the Wendels, who are all-powerful in the steel industry, and the de Vogues, a noble family interested in chemicals and armaments. By means of interlocking directorates, the Bank of France and the Comite des Forges, a body whose ramifications extend through all French industry, virtually run the country. They own newspapers, they control armaments through the Schneiders and the Creusots, and they get rid of the Cabinet whenever they have a difference of opinion with the ministers.

The Bank of France can engineer a monetary “crisis” whenever it likes. Through it the Government has to obtain short-term loans on the security of Treasury bills. Consequently its grip on the nation is amazingly strong. The “two hundred families,” as the regents are called, have insisted on the maintenance of the gold standard; they have refused to allow money to be spent on big public works; they have favoured rigid national economy and wage-cuts, with the inevitable decline of purchasing power and the accentuation of unemployment; they have damaged France’s foreign trade and curtailed industrial output. But—so great is their power—they have so far “got away with it.”

Now comes M. Leon Blum and his alliance of Socialists, Radicals, and Communists with threats to nationalise the bank—he has already changed its governor—the railways, and the armament firms, to restore wages to former levels, to give industrial workers a forty-hour week and to float huge loans for public works—a remedy for unemployment especially favoured by the Communists. The new Premier finds the Treasury empty and the budget unbalanced—a fact which worries him, as an orthodox economist, a good deal. He promises not to devaluate the franc, nor will he “inflate” or “deflate.” He is a “sound money” man—so sound, indeed, that the hated regents are said to be ready to “co-operate” with him. Cynics in Paris recall the “co-operation” of the lion and the lamb and warn M. Blum against the bankers “getting him where they want him.”

Working-class France, told by its Communists to look to Russia for its new model, waits and threatens and locks itself into its masters’ factories. Thirty-three out of every hundred Frenchmen own no property whatever. An English illusion hard to shatter, is that across the Channel there exists a nation chiefly composed of peasant proprietors, able in times of slump to live on the land.

Actually, there are as many urban as rural residents in France today, and the drift of the peasantry into the factories ever accelerates. Peasant-owners number only four millions, and half of these must work for others. Tenant-farmers and metayers number, in addition, one and a quarter millions, and there are 2,700,000 agricultural workers—who do not get even a “dole” when they need it—or a total of less than eight millions actively occupied on the land.

The total wage-earning population of France is 21,000,000. Of these six million are employed in industry.

France is, therefore, slowly building up a “proletariat” ripe for Communism, and becoming increasingly aware of its economic frustration. The “hands” of the Renault armament works during the recent “stay-in” strike told the Paris reporters how pleasant was the feeling of “being lords and masters ourselves.”

**THE RISE OF THE REXISTS**

In Belgium, where devaluation of the franc has reversed the trend towards economic collapse, the revolt against the bankers has invaded the Senate and the Chamber of Representatives. Thirty-five members of a new party founded by M. Leon Degrelle, 30-year-old, blue-eyed, clean-shaven chief of the Rexist, as they call themselves, have sworn to obstruct all Parliamentary business until they are accorded the power to “clean up Belgium.”

“Whenever I can,” M. Degrelle tells his followers, “I shall get rid of the governor of the Central Bank of Belgium and arrest all those financiers who are responsible for the present corrupt state of our public life.”

M. Degrelle, son of a well-to-do manufacturing family, was formerly in the Catholic party, one of the three parties—Socialists, Liberals and Catholics—which, under M. Van Zeeland, have governed Belgium in a “Cabinet of National Union.” He found politics a disappointing game, so he travelled about the world for a time, visited Mexico and became interested in the Clerical party there known as “Christus Rex.” On his return to Belgium he started weekly newspapers and conducted an astonishing campaign of denunciation against financiers and politicians. Thief, pirate, forger, and politico-financier were the mildest terms he used. Libel actions multiplied. Then he founded his
Rex party and adopted a broom as its symbol. Youthful Belgians thronged to his meetings, so that today he is the head of a compact party with a programme of government control of banks, reduced taxation for the middle classes, help for the small tradesmen, proper housing for the working classes, the lessening of unemployment and the colonisation of the Belgian Congo.

The dictatorship of parties must go, he says. But only to make room for the dictatorship of another party—his own.

“We are the party of Youth,” he declared on a score of platforms during the recent elections. “We shall fight government after government until we get dissolution after dissolution and until the Rex party triumphs. Our passion is the purity of our country; gaol for everyone who is not honest.”

The richer industrialists finance the Rexists because they want to smash both the Socialist party and the financial power of the bankers.

M. Van Zeeland, who again became Prime Minister after the King failed to find an alternative leader for the government, has announced his intention to investigate the financial and political scandals, denounced by the Rexists.

“I promise to take measures to prevent future fraudulent association between finance and politics,” he says, obviously in the hope of blunting the edge of the Rexist attack. Meanwhile, the dispossessed fight with the only weapon they have—the strike.

STRANGLEHOLD ON GERMANY

In Germany a veiled struggle proceeds between Dr. Hjalmar Schacht, economic dictator, and the Nazi party bosses who want to devalue the mark. Dr. Schacht, for whom the Governor of the Bank of England is currently reported to have a great admiration, has taken into his hands control of Germany’s industrial and economic life to a degree incredible to the British mind. Backed by Herr Hitler and the leaders of the army and air force, he has been spending £600,000,000 a year to re-arm Germany. At the same time he has skilfully withheld the return of British capital lent Germany in the brave days of expansion before the fatal year 1931; he has compelled Germany’s creditors—particularly Yugoslavia—to buy from her when they would prefer to deal elsewhere; and he now seeks—much to the embarrassment of the London Foreign Office—the return of the mandated German colonies because, so he insists, “Germany needs them for raw materials, trade and settlement.” That sane finance, instead of “sound” finance, would give Germany all the raw materials she needs, has not yet crossed Dr. Schacht’s mind. Instead, he blocks the flow of money into and out of his country lest foreign speculators should get hold of it and lest the Jews should expatriate the 12,000 million marks worth of property they still possess in Germany; and he finances armaments by means of Treasury bills.

Beneath Hitler’s neurotic sway the cost of living rises, wages stand still, foodstuffs become scarce. In spite of the activities of the Gestapo against “grumblers” the working masses are restive.

In their laboratories the scientists try how best to run motorcars on powdered fuel, make chocolate out of wood, and fabricate rubber from synthetic substitutes.

Already the Nazi leaders ask themselves: What will happen when two years hence rearmament is complete and unemployment threatens to resume its upward curve? Herr Hitler has in mind a big programme of working-class house building and the industrialists talk of the resumption of foreign trade. But less optimistic observers wonder whether the economic strain will not prove too great in the long run and the Fuhrer be forced into war abroad to quell the danger of a revolt at home.

“Necessary economic needs like house-building must be left unsatisfied for a few years to come,” says Count Schwerin von Krosigk, Minister of Finance. “But we are storing up potential demand which will prove useful as a means of preventing collapse when present activity comes to an end.”

Perhaps it will. But then again perhaps not. And if not, what is the outlook for Central Europe?

A NEW ROMAN EMPIRE

In Italy, Signor Mussolini takes his eyes from the alluring prospect of a new Roman Empire in Africa to contemplate the state of his finances. Lately he took over the banking system and compelled munition firms to submit
their books for government inspection. He tightened Fascist control over the great industrialists to an extent they never bargained for when they financed Fascismo as a counterblast to Socialism. Now he has increased taxation and has controlled exports and imports as against sanctions, which cost him a big slice of his trade. He has hid the facts of his unbalanced budget, his enormous war-debt and his loss of gold—sent abroad to pay for petrol and raw materials with which to conquer Ethiopia. But he has not been able to conceal from the world that hostilities have cost him anything between £175,000,000 and £200,000,000, and that his main hope of preventing a fresh slump in Italy is to obtain a big loan from abroad on representations that it is required to develop and settle the newly-conquered territory.

He looks longingly at the City of London, now hoarding more gold than it knows what to do with. The City looks back—avid for profits. Sanctions have gone, taking with them Britain’s moral leadership of Europe. And Il Duce thinks his chance has come.

However, when the Italian taxpayer—now proudly told how he can make his lounge suit out of the waste products in the milk-can—recovers from his delirium of victory, he will discover that he has to pay interest to the moneylenders of Italy on a sum of not less than ten milliards of lire—new debt!

**GOLD STANDARD GLOOM**

In the Netherlands, with all its inherent wealth and that of its fertile East Indian colonies, unemployment has grown, industrial production languishes, agricultural prices continue to fall, and export and import trade to shrink.

“There is hardly a single source of national prosperity,” admitted the Premier, Dr. H. Colijn, ruefully, a few months ago, “that is not struggling for its very existence.”

Switzerland is none too happy; Spain faces a monetary crisis; and even in Sweden—the white-headed boy of the so-called progressive economists because of a boldly-conceived policy of public investment combined with a measure of monetary control—the “hard core” of unemployment is still much higher than during the ten years 1914-1924. The medicine as before, that is, another dose of public works, financed out of loans and subsequent taxation, remains the main remedy of the Swedish government.

Technological unemployment, meaning labour displaced by the intensified use of machinery and improved mechanical processes, spreads its shadow over the hopes of the orthodox economists who see Europe slowly but steadily emerging from the great slump. The United States has hitherto been the land where this demonstration of the approach of the Age of Leisure when machines alone will be slaves, could be studied in its most significant forms. Now Europe is awakening to its importance. In Belgium an attempt has been made to return to hand labour on public works, but the result is officially reported as “slow, wasteful and expensive.” The Dutch government tried to harvest its grain crops by the sweat of the peasant’s brow instead of by machinery; it gave a bonus as encouragement. But unemployment failed to decrease thereby.

Spain, Italy and other countries have tried the equivalent of using spades when the mechanical shovel would have been cheaper and more efficient. Logically, they should have used teaspoons. Even the International Labour Office at Geneva has discovered that “technological unemployment cannot be combated by preserving antiquated methods by artificial means.” The “real problem,” it says, “is to ensure that the economies in wages effected by mechanical improvements do not neutralize the volume of available consuming-power.” But this is no problem at all to those who know the financial methods by which production and purchasing power can be equated.

“Enormous progress in the technology of production,” says the Report on Workers’ Nutrition and on Social Policy prepared for the International Labour Conference, “has impressed on the public mind everywhere the idea that there is no longer any economic necessity why all members of society should not enjoy the material needs for good health and social well-being.”

There is, indeed, no longer any economic necessity for imposing poverty on Europe. It arises only from the disordered pursuit of the larger economic lunacies by her bankers and financiers.

**Escape from Utopia**

By W. L. Bardsley
The word Utopia has been degraded by controversy into a term of derision, carrying an imputation of naive optimism accompanied by futility. As coined by Sir Thomas More, it referred to an imaginary island where, in his view, a perfect society existed.

Contrary to the common belief, the modern Utopian is not an ineffective, mild, unpractical dreamer, but a hard, ruthless, frequently unscrupulous idealist. His most dangerous ideal at the present time is an armed League of Nations, but he abounds also in Three-, Five-, and Ten-Year Plans. He wishes to reform industry for its own good, and people for their own good. Legislation in which he has had a hand contains compulsory powers, and inadequate facilities for appealing against the decisions of authority. He believes strongly in the theory of rewards and punishments, and he likes to invent new crimes and make their punishment retrospective. He is a conscientious sadist escaped from the Spanish Inquisition which was one of the first great practical experiments in Utopian principles. If he does not make the mistake of believing that you can make people good by Act of Parliament, he knows you can make it hot for them. Left unfettered and unopposed he would produce, with admirable efficiency, a Servile State having the tidy static culture of an ant colony. Though his name is Legion he is Public Enemy Number One, and his crime is that he thinks he knows best what is good for other people.

The objective of the Utopian is the centralised control of policy; the control of individuals by the State, and of States by the League of Nations. This objective is more often conscious than unconscious, and is pursued to the accompaniment of callously hypocritical lip service to the principles of national sovereignty and of democracy. A complete admission of this has been made by Professor Arnold Toynbee, and quoted with approval by Sir Norman Angell:

“If we are frank with ourselves, we shall admit that we are engaged on a deliberate and sustained and concentrated effort to impose limitations upon sovereignty and independence of the fifty or sixty local sovereign independent states which at present partition the habitable surface of the earth and divide the political allegiance of mankind. The surest sign, to my mind, that this ancient and blood-stained fetish of local national sovereignty is our intended victim is the emphasis with which all our statesmen and our publicists protest with one accord, and over and over again, at every step forward which we take, that, whatever changes we may make in the international situation, the sacred principle of local sovereignty will be maintained inviolable. This, I repeat, is a sure sign that, at each of these steps forward, the principle of local sovereignty is really being encroached upon, its sphere of action reduced and its power for evil restricted. It is just because we are really attacking the principle of local sovereignty that we keep on protesting our loyalty to it so loudly. The harder we press our attack upon the idol, the more pains we take to keep its priests and devotees in a fool’s paradise—lapped in a false sense of security which will inhibit them from taking up arms in their idol’s defence.”

The appalling confusion, widespread distress, and unmistakable decay of institutions and formulae at the present time make it certain that neither anarchy nor laissez faire can offer any effective arguments against the planner of Utopias, with the result that he is gaining ground rapidly in spite of the conviction of a large majority that, besides being an infernal nuisance, he is a dangerous menace not only to liberty, initiative and progress, but to dignity and independence of character.

Outside of Social Credit there exists no effective substitute for the centralised control of policy, and it is high time that it should be recognised as the escape from Utopia, instead of merely the narrow incidental monetary technique to which a myopic clique has tried to confine it. Until the appearance of Social Credit as propounded by Major C. H. Douglas there seemed to be no possible outcome of the long conflict between the individual and society except the ultimate subordination of the individual. In spite of the certainty in all enlightened minds that the reconciliation of society and the individual was a possibility inherent in the nature of things, and immediately realisable in this age of plenty, the necessary formula was lacking.

This certitude has been enshrined for nearly 300 years in these words of Benedict de Spinoza in his Tractus Theologicopoliticus:

“The final end of the State consists not in dominating over men, restraining them by fear, subjecting them to the will of others, but, on the contrary, in permitting each one to live in all possible security—that is to say, in preserving intact the natural right of each to live without injury to himself and others. No; I say the State has not for its end the transformation of men from reasonable beings into animals, or automata; it has for its end so to act that its citizens should in security develop soul and body, and make free use of their reason. Hence the true end of the State is Liberty.”
In the first chapter of his first book, Douglas suggested that this goal means neither anarchy, individualism, nor laissez faire, and that the solution lies in reconciling ideas, apparently irreconcilable. The replacement of compromise by reconciliation is an aspect of Social Credit which has not received nearly enough attention. Compromise, which is of the devil, means the reduction of the superlative to the mediocre, and is the seed of all strife, since it induces a struggle, by fair, forceful or foul means, to achieve such a position of advantage that all the concessions are made by the weaker side. In this struggle the individual has steadily lost ground before the encroachments of authority. One aspect of this process of encroachment has been documented by the Lord Chief Justice in his book, “The New Despotism”; but the best evidence of the matter is the personal experience of every individual.

The obvious benefits which the individual obtains by associating with others instead of maintaining a solitary aloofness, which Douglas called “the increment of association,” make it evident that society is committed to the ideal of co-operation. It is to ensure that co-operation of reasoned assent shall replace co-operation by regimentation in any external interest, however “Utopian,” that the principles of Social Credit are offered.

In the structure of an organised society designed to serve the individuals composing it, the process by which such apparently irreconcilable ideas as freedom and control, initiative and discipline, independence and organisation, aristocracy and democracy, can invariably be reconciled—as distinct from compromise—involves three sets of ideas which have already emerged into human consciousness, and are in fact applied in a haphazard manner in certain directions, albeit with considerable confusion, overlapping and frustration.

The extraction of these three ideas from the welter of muddle, conflict, love, hatred, enthusiasm and despair, which is our present portion, and their synthesis into the potent liberating principle of reconciliation, constitute the major contribution of Social Credit to the order in progress of humanity.

The first consists in recognising the fundamental importance of individual responsibility for function in any organisation or association of individuals, from a nation to a cycling club or a teashop. The second is the paramount necessity of distinguishing between policy and administration. The third is the theory of the limited objective.

Most successful business undertakings recognise and apply the first idea, which is a categorical denial of the practicability of the concept of “collective responsibility.” But the prevailing confusion in regard to policy and administration can be verified readily by examining the definitions of “policy” in half-a-dozen standard dictionaries, bearing in mind that policy and administration are two fundamentally different things.

Policy is concerned solely with what to do, and is primary. Administration is concerned with how to do it, and is secondary. The interests of policy are with ends, goals, aims—with the results that are desired. Administration has to devise and apply technique—ways, means and methods of achieving the results determined by policy.

The objective of Social Credit, then, is to secure decentralisation of policy coupled with centralisation of technique to the extent required for any agreed objective.

It is worthy of note that the theory of the limited objective, which is a recognition at once of the changeability of human desires and of the wisdom which “lies in masterful administration of the unforeseen,” is already recognised in “flexible” constitutions such as our own, and repudiated in “rigid” constitutions such as that of the United States.

It is the function of democracy to decide policy, and its privilege to change policy, and to reject personnel. It is the function of an aristocracy or hierarchy of experts to administer, to devise ways and means of executing, policy. Thus by a process of trial and error, by learning from mistakes, can mankind progress with order and without rancour.

Social Credit, like all practical science, is a continual experiment. It seeks to ascertain with ever-increasing accuracy what are the desires of individuals, and how best they can be fulfilled. It repudiates all fixed ideas of what is good for people, and seeks to give them the fullest facilities for deciding and obtaining what they want.

For the application of any set of principles a mechanism is required, and there exist two which can be so modified as to reflect continuously the policy of individuals in association: the money, or ticket system, and the voting system.

Very briefly, the Social Credit monetary proposals seek to modify the existing money or ticket system so that it shall facilitate the co-operation of individuals in the functions of productive organisation, constantly informing them, through the act of purchase, of the desires, or policy of consumers in regard to their economic needs: Economic Democracy, in short.
The Social Credit electoral proposals seek to establish a mechanism whereby electors can be consulted on questions of policy, so that the will of the people, which is the greatest common measure of their desires, each in order of preference, shall be given expression in legislation.

The fundamental principles of Social Credit are applicable through either or both of these mechanisms, and it is a matter of practical importance to estimate in which mechanism they are first likely to be applied. For it is certain that they will eventually emerge in both, though the pangs of birth may be cataclysmic.

The enterprise of imposing a popular policy upon the credit monopoly by appeals to reason, humanity, or expediency has so far signally failed. Those who administer it are quite satisfied with the supreme control of governments and national policy that they have acquired, and with the ability to indulge in Utopian experiments that it confers. The problem they pose is that posed by the wicked husbandmen in the parable.

Unfortunately, no possibility of introducing any modification of the money system at all exists until full powers to do so have been obtained; and in the meantime civilisation totters heavily towards a terrifying catastrophe—the final convulsion of a stupid struggle to find export markets at the point of the bayonet, rather than distribute abundance to the nationals for whom alone the machinery of production, including imports, should be expected to function.

It is a tantalising and galvanising thought that no obstacle except the inertia of human initiative, amounting almost to paralysis of the will to act, which has been deliberately nourished by anti-social interests, lies in the path of an immediate application of the fundamental principles of Social Credit to the mechanism of democracy.

The Church and Usury

By James Parkes, M.A., D.Phil.

THREE times in the Law of Moses it is forbidden to lend money upon usury. “If thou lend money to any of my people with thee that is poor, thou shalt not be to him as a creditor, neither shall ye lay upon him usury”; “and if thy brother be waxen poor, and his hand fail with thee; then thou shalt uphold him: as a stranger and a sojourner shall he live with thee. Take thou no usury of him or increase; but fear thy God: that thy brother may live with thee. Thou shalt not give him thy money upon usury, nor give him thy victuals for increase”; “thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury: unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury.”* The whole Christian conception of money-lending is built up on these verses; and out of the last is also born the Jewish usurer. For it was popularly considered that to the Jew the Christian was a stranger, so that it was legitimate for him to lend for interest to Christians in need.

*Ex. xxii. 25; Lev. xxv. 35-37; Deut. xxiii. 19-20.

In their origin these verses do not deal with anything so formal or organised as official money-lending establishments. They refer to the ordinary lending and borrowing that goes on between neighbours, and only slightly to wealthy men who could “oblige” with a more considerable loan.2 The “usury” they refer to was as much “security” as “interest.” If I lent my dinner jacket to a neighbour, he returned it, and that was that. He was there on the spot, and there was no reason to demand security. But if I lent it to a passing traveller, as I had no guarantee that he might not go off in it before I got up, I might charge him a pair of braces to balance the risk, or keep his overcoat as security. The distinction was not unjust, and, needless to say, had nothing to do with the subsequent interpretation put by Christian theologians on it. It is also noticeable that the verses do not concern themselves primarily with money, but with “anything that is lent upon usury,” i.e., for which a charge might be made or security demanded.

2Cf. for the latter such passages as Neh. v. 7; Ezek. xviii. 8, 13.

While the New Testament “Counsels of Perfection” equally condemned giving in a niggardly or avaricious spirit,1 it was these Old Testament verses that formed the basis of precise regulations in Canon Law.3 4 5 and the text of innumerable sermons and tractates against usury.2 In the earliest centuries of Christian history, it was largely clerical usurers who were the object of attack, possibly because the clergy were largely recruited from the class of “knights,” and this was the leading financial class also. But the Roman Empire was already an ancient society when Christianity

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Page 11
encountered it. The Church could not radically alter its structure. It is in the evolution of mediaeval Europe, largely under Christian influence, that the Church came to assume a responsibility for commercial and industrial morals, and so to evolve her own doctrine of the social use of money and the ethics of borrowing and lending.

1 eg., Matt. v. 42; Lk. vi. 34.
2 Typical canons on usury are: Nicaea xvii.; Laodicea iv.; III. Carthage xvi.; VI. Carthage xvii.

One of the earliest attempts to give a practical definition to what had so far been merely a general prohibition was that of a Bishop of Orleans at the end of the eighth century. To the simple statement that “usury was to receive back more than was lent,” he added a further definition. It was usury to receive back a loan in any other material than that in which the loan was made. It was usury to lend some corn, and to receive back the market price of the corn lent, for it was impossible to say that the corn had had the same value when it was lent. 6 Needless to say such prohibition only led to ever more subtle evasions. A loan was made for a fixed time, within which no usury was charged. If it was not paid within that time — and the time was so fixed that such payment was impossible, or at least improbable — a charge was made for the delay. 7 Christians gave their money to Jews to lend for them, 8 and then took what the Jew gave back — having made a profit on it. They advanced money on crops, so estimating the risks that they were almost certain to net a heavy profit out of the sale of the fruit or corn. Monasteries lent extensively on “mortgage” — which differed from modern mortgages in that the lender enjoyed the estate until the debt was paid, and justified it as not being usury, on the ground that the man repaid only the actual sum lent. 9

7 See attempts to prevent this in France with both Christian and Jewish usurers, Lauriere, “Ordonnances,” I., 44 (1206); I., 595, para. 13 (1315), and the group of 14th century laws governing Lombard practices in Vol. VI.
8 It is interesting that Jews also, who were forbidden by rabbinical authority to lend to Jews, would lend via a Christian, and so justify the charging of usury. See Abrahams, “Jewish Life in the Middle Ages,” pp. 102 and 111.

The continual evasion of an obviously clear intention is not based simply on avarice, common though that fault may be. A great deal of the borrowing and lending was to keep the wheels of society turning. In the earliest mediaeval days the monasteries were the chief lenders of money. Their clients were largely the peasants, and the purpose of the loans was either to improve cultivation, or to tide over the peasant until his crops came in. Whether in these earliest days much usury was charged we do not know. It is significant that, whereas we have extensive evidence of monastic extortion from the twelfth century onwards, we have little complaint in canons or elsewhere of monastic “usury” in the earlier period. The early mediaeval kings were compelled continually to borrow, because the social structure of the time allowed them no income adequate to the increasing responsibilities of kingship. So far as cash was concerned they had to depend on their own lands, which might be considerably less than that of their great barons. Nobles and clergy borrowed for building purposes. They had considerable assets in land and crops, but little ready cash. Finally there was ordinary commercial borrowing for trade purposes.

With all these different necessities to be served by borrowing on interest, the Church made an exception only in one case: that in which the lender shared the risk of the borrower, as in the joint fitting out of a ship and its cargo for trade purposes, or the acquiring of stock to sell at one of the great annual fairs. At first to share the risk involved sharing the journey, but later it was recognised that while he who lent a hundred pounds and said “you will pay me the money whether you make any profit or not” was a usurer, he who only received profit, if the man who went on the journey also received profit, was not a usurer, though only a “sleeping partner.” 10 Apart from this one exception, mediaeval canon law clung firmly to the literal application of the verses of the Pentateuch, and considered all profit on money equally to be usury. The locus classicus for its attitude is the Lateran Council of 1179. By the 25th canon of this council usurers were excluded from communion and from Christian burial. Their gifts were not to be accepted. Any priest who infringed these rules was himself suspended. A hundred years later at a General Council at Lyons in 1274, finding that the situation was no better, the Church attempted to solve the problem by excommunicating anybody who even let premises to someone who carried on trade in any form of usury, and ordered every ecclesiastical and civic corporation owning property to expel all such criminals within three months from any property in their control. Even archbishops, patriarchs and bishops were to be suspended if they offended against the canon. Colleges and other corporations were to be laid under the Interdict. Notwithstanding these stringent regulations, we still possess 27 separate canons enforcing and protesting against the infringement of these two canons in the 40 years from 1300 to 1340, and the actual number passed must have been very much greater. So many councils prohibited the Christian burial of usurers that it would be tedious to count them.
We have seen so far that in mediaeval society, as in all others up to the present time, borrowing and lending went on continually, and that the Church, with one small exception, simply used continual prohibition to confront this common necessity, like Mrs. Partington with her mop staying the Atlantic. It will be well, however, to examine the forms mediaeval usury took before deciding to what extent the Church was only acting on a pedantic interpretation of particular verses of the Bible. The necessity of a bank overdraft may be due to a faulty economic system, but it is not necessarily scandalous extortion. The mediaeval borrower, however, could not go to a modern bank. He had to go to an Italian (“Lombards,” “Cahorsini,” etc.) or a Jewish usurer. How did he fare? An example will be interesting. In the middle of the fourteenth century usury was such a menace to the French social structure that the records register a continual succession of expulsions of usurers, their recalls, the cancellation of their debts, the control of their interest, and no solution was reached. But the need of a solution is shown by one case which came before the commissioners appointed in 1351 to try to clear up the debts due to the Lombards, which had been confiscated to the profit of the Treasury. An unfortunate gentleman came to inherit the debt contracted by his father-in-law who, in 1334 borrowed 140 florins. In 1347 he signed an obligation that he owed 1,300 florins on account of the debt. Failing to pay, he recognised in 1350 that he was a further 900 florins in debt—in all 2,200 florins on a debt of 140 florins, sixteen years old. In this year he paid off 400 florins, and engaged to pay the sum of 200 florins a year for nine years without further usury for the final cancellation of the debt. Interest—legal interest, not what necessity could extort from a desperate borrower—was often over 100 per cent., and rarely fell below 40 per cent.13 Privileges granted to usurers frequently mention that the interest is never to exceed the capital, and is not to run for more than a year, showing that over 100 per cent, was in question.

In addition the creditor was allowed to imprison the debtor in his own house, and the debtor was allowed to pledge himself, and so reduce himself to serfdom. As debts were often contracted in order to pay some special tax, they often offered no such means of repayment as a debt for some constructive purpose. The debtor, who would with difficulty have found the capital found himself utterly incapable of meeting the enormous interest. Hence many of the popular outbreaks against usurers, on the one hand, and on the other, the attempt of conscientious monarchs to prevent the creditor from taking in pawn objects essential to the livelihood of the debtor.13

From this point of view it may be said that the struggle of the Church was directed as much by the needs of a crying evil as by a belief in the inerrancy of the Scriptures. Unfortunately she did not distinguish between lending to relieve poverty, and lending for commercial development or other profit-making purposes, and in the financial system of the time such a distinction needed to be made. She has to her credit that she never accepted the distinction popularly made by monarchs and others who profited from enormous rates of interest that usury was quite allowable if practised by a Jew. For her the prohibition was absolute whoever practised the offence, and it is interesting to note that the rabbis concurred in this. But it was to the Church that men looked for guidance in economics as much as in theology and the non-possimus which she opposed to any free study of the use of credit for the common good is largely responsible for the fact that the mediaeval usurer was the social scourge which he undoubtedly was. The enormous rate of interest, which he charged, was largely due to his insecurity. He was under the ban of excommunication if he was a Christian, and menaced with the continual possibility of expulsion if he was a Jew. All interest, even the most moderate, might be suddenly cancelled, or the king might suddenly decide to take it for himself. It was a vicious circle, and remained so until the end of the period in which the Church could dominate economic life.

Bolsover Carves a Career

By Charles Jones

At the time when Mr. Leslie Bolsover had the misfortune to fall off a bus in the Strand he was on the staff of the Income Tax Rebate Department at Somerset House. He had suffered from unaccountable symptoms for some time, and after a medical examination was declared to be neurasthenic. This trouble, which frequently leads to very strange
behaviour, was not uncommon in the Income Tax Rebate Department, where arduous duties are performed in the course of examining sundry complaints from citizens that too great levies have been made upon their personal incomes, earned or unearned. When citizens can prove indubitably that this is so, and no number of forms can demonstrate anything to the contrary; when citizens who are habitually overcharged by gentlemen with the nonmilitary titles of Tax Officers can produce audited statements with which even the Chancellor himself could not quarrel, and every device statutorily provided for has been exhausted without refuting this evidence; then, after a few months’ delay, restitution is made by means of a draft signed by a number of officials, and ticked or initialled as correct by several underlings on whose shoulders the full onus for rectitude in this respect has been laid. Toil in such a cause, in a department of national revenue, is not conducive to mental quietude, and nervous disturbances are one of the means by which the unfit can be spotted and segregated, so that the permanent staff shall be men of strength immune from any registerable reaction to the tears and outcries of dispossessed wage earners.

Mr. Bolsover, having evinced undesirable traits while young, was dismissed from the service with three weeks’ sick pay and an excellent character. He had satisfied examiners some three years previously that he was commendably proficient in geometry, French composition and numerous other branches of learning, but this stood a man who had fallen from a bus in no stead whatever. He himself admitted the justice of his dismissal, and appreciated the regrets with which it was given him by a wrinkled man, old in his country’s service, at Burlington House. The truth is that nervous disability impairs smart judgment, and a generous decision, nay, the sending of a wrong form in such an important matter as the rebateation of income tax is something more than mere error; it is in the nature of a national disaster.

Moreover, a sickly-inclined person of standing in H.M. Civil Service might through breakdown qualify prematurely for a pension. It is wise to forestall such eventualities under governments, which however they may change are inevitably committed to a policy of economy. Besides, it is obviously wrong to recover slabs of unearned income from members of the general public simply in order to dispense it as unearned income to another member of that same public. Such revenues, it is well known, are devoted to the payment of interest charges on the National Debt, that prop of budgetary prosperity for which a sound and admirable Banking System is to be thanked, that unpopular but euphoniously named pillage, indirect taxation, taking care of the other minor public services. These revenues must be conserved for their legitimate uses rather than be squandered in making a heyday of the middle years of State servants who are weak enough to crack under the strain of official duties.

Pensions, rightly understood, are the perquisites of senility, granted in anticipation of discreet decease. Just as a life should be a “good life” if the insurance business is not to become a profitless farce, so a pensioner should be at least a respectable “death,” and not become a financial burden to the country without taking any proper part in the recruitment of its finances.

So in the tender years of maturity, skilled in the hypothecations of Euclid and able to produce a fair French prose up to the standard known as the Second Division, Mr. Bolsover had to accept his fate and the crumbling of all the ambitions of officialdom. He did this without complaint. He took his reeling head, in which the organs of balance seemed to be unshipped like gyroscopes without bearings, in search of suitable alternative occupation. After his three weeks on sick pay were ended and he could board a bus without suicidal vertigo, he weighed the situation carefully and decided that he could not do better than enter commerce, where fortunes are to be made.

Experience as a routineer in the Income Tax Rebate Department was not a good springboard for his leap into commerce, for he was wise enough to know that in commerce, despite the consummate heights of art to which advertisement has risen, you cannot blackguard an unsuspecting public into parting with its money for absolutely nothing in return. Between government and trade there is a great gulf fixed. He must learn the law of give and take, which holds among the lower levels of society, where the pons asinorum is remote wisdom and French prose seldom employed.

In preparation for the venture he polished up his Matriculation certificate and took to the Daily Telegraph as the early bird takes to the worm. After a week of browsing in the advertisement columns, most of which disappointed him because geometry and French were accounted nothing beside “previous exp.” of this, that, or the other, he came upon the following:

Mgr. wanted for coal and coke depot, south Eng. Must be young, able handle men, good organiser. No previous exp. necessary.—Apply Ir. only, Box 112.
He applied by letter only. After sundry interchanges of correspondence, in the course of which he established his own honesty, though he was still in the dark as to the honesty of the firm which offered the favour of employment, he was interviewed and got the job at forty shillings a week. Such remuneration was a mighty fall from that salaried estate where caste depends upon variations by hundreds in income per annum, and mere increments are counted in fifties.

He spent a fortnight under tutelage with another manager who had risen to fifty shillings a week and gone grey in doing it, and then was called to the head office, cross-examined and told he was to be put in sole charge of the Whitworth depot. One of the directors insisted upon actually seeing his matriculation certificate before he was vested with this responsibility. The director had never seen one and was curious about it, though this was a secret which did not go further than his beard.

Leslie Bolsover took kindly to commerce. He was enthusiastic, he visualised commerce as a field of service. He imagined that henceforth the object of his life would be to see that a bright fire burned in every grate in the little town of Whitworth; the rosy glow that gleamed through drawn curtains in the winter evenings was to be the sign of his presence in the place. He was removed from common men by his special function, a kind of hearth-god whom men and women and little children would bless as he passed among them, because he brought them the comfort of “bottled sunshine” (see advertisements). Every boiler and stove should sizzle with generous heat. He would be the engineer of health and comfort.

He did the thing properly; bought books, and studied the names and characteristics of coals, the geology of coal areas, the statistics of heat and the chemistry of combustion. This self-education was interesting, as well as being a deliberate initiation for such service as no coal merchant yet had given.

But when he felt himself to be technically equipped he woke up to the fact that he did not know where the coal he was selling came from. Nor could he identify it from the data of “Physical Characters of Various Coals” which he had memorised. So he wrote to head office to enquire. The bearded director used the word “upstart” in connection with this communication. “That’s what comes of these matriculation certificates,” he boomed in his whiskers. “These young upstarts want to run through the colliery lists and see what buying prices are. They’re out to get at the profits. Young Socialist, I expect . . . one of these Ruskin College fellahs . . .”

In the end, Mr. Bolsover received a polite letter telling him that the coal he was selling was the Very Best, and that the sole object of his existence was to sell it, and see that he got paid for it. This plain statement interfered with Mr. Bolsover’s easy idealism.

“So far as I can see,” he ruminated as he sat in his lodging one evening, “if I could sell ten thousand tons of Very Best Welsh Anthracite to an active volcano at a good price, including delivery to the crater, and get a fat cheque for it, that would be good business. I am supposed to get rid of as much coal as I can for as much money as I can. Now, why do professors make surveys of our coal resources if all the people handling it are most concerned with getting rid of it for money? The better business is, according to the business standard, the less coal we have left. Has business, then, nothing whatever to do with science? Have I just got to sell, and not worry about the conservation of coal, nor what people want it for? Just sell?”

Indeed, his grey-haired mentor had already emphasised this point and indicated the way to success.

“What you want is personality,” he had said. “It is poisenality that sells. No man ever got on in the coal trade without poisenality.”

Mr. Bolsover had scented the gradual progress to Hollywood in this brief speech and considered it the imitative enthusiasm of the film-fan rather than the promptings of a ripe experience. Now he saw his error. He decided to cultivate poisenality, and secured some small blue pamphlets from an educational establishment which advertised itself as desirous of helping young men to four-figure salaries by teaching them how to develop their will. After reading them Mr. Bolsover concluded that he had been endowed by nature with personality and had nothing to learn on the subject. This wise conclusion was supported by a notable increase of trade only partly attributable to a spell of bitter weather. It must be admitted that Mr. Bolsover did possess the charm of sincerity and modesty. It remained to exploit his God-given personality in the interests of sound business and a livelihood, with a four-figure salary as the ultimate goal.
So he forgot his romantic collaboration with the gods of the household, and bent his thoughts not upon people being kept warm and comfortable in the rigours of winter, or upon retired Colonels having copious hot water in the baths on their retirement, but upon the commonsense aspects of business, competitive activity, a mounting tonnage return and a suitable balance on the trading account. The trading account, as compiled by his two maidenly clerks, was a document, which showed on one side what head office charged him for coal, with incidental spendings of his own added, and on the other side what he got for it. The balance was never carried anywhere but was for information only. This chart of progress and success, based as to veracity upon the assumption that head office charged him correct prices, was explicit as a National Budget. Actually he began to discover that what training he had received in the arts of enlightened government could be admirably adapted to his present purpose; for commerce if there is no motive of service behind it can be described only as extortion, and at this point taxation and business meet.

Personality helped and within a little while success led to his being empanelled on the County Federation of Coal Merchants and Factors. He began to be reckoned as a man who mattered in his profession.

The art of federation membership, he discerned, was to take a vehement stand for what was known as “stabilisation” of prices, that is that every member should charge the same prices, and to stick firmly to this principle so far as small orders were concerned. Such orders were called the small household trade. Poor men’s wives chatter as much about prices among themselves as if they were the all-in-all of life. It may be said that the uncultured classes betray the narrow limits of their interests by mundane preoccupations of this nature, and in any case they are not very considerable competitive quarry.

But in circles that are more secretive, especially in the class known as “industrial users” or “contracts,” the federation member might contrive to create the social advantage of valuable friendships for himself by the exercise of judicious modifications of stabilisation known as “cuts.”

This did not endanger his reputation for business rectitude amongst other members of the federation, because such masterstrokes were not wasted on chatterboxes, and it was understood that cut quotations were always “confidential.” Once the advantage of secretarial friendship was secured amongst industrial users, the nature of this confidence could be enlarged to an extent which redounded both to the power and prestige of the member who had been at pains to cultivate such a relationship. For if another federation member was so ill-advised as to “cut” also, the friendly secretary, whose loyalty was thus challenged, would not hesitate to employ the resources of modern science, even to the extent of a personal call, 6d. extra, on the telephone, in order to advise his friend of such delinquency on the part of a dishonest rival. This timely move of prevention enabled what was secretly spoken of as a “further cut” to be made, with the result that attempts at subversive conduct could be nipped in the bud, and offensive malpractices checked in a wholesome manner, without loss of time or professional damage.

Perhaps the greatest strength accruing from cordial relations with the sodality of industrial users is implicit in the procedure of protest. At the next meeting of the federation, when the question of stabilisation of prices arose, the member whose business had been threatened by the cowardly affront of cutting on the part of a weaker rival could justifiably address the meeting in terms which would leave no doubt amongst his confreres of his own inner knowledge, and at the same time remedy his grievance. He would rise slowly and gravely to his feet, as one having a distasteful duty to discharge.

“Mr. President,” he would say, “information has reached me—I need not say here in what manner—that a member of this association, pledged as we all are to maintain the schedule of selling prices and permissible industrial variants thereof set out in the confidential memorandum of the federation dated April 1 of the current year—a member of this body has quoted to a certain industrial user, whose name I do not feel called upon to disclose, a price grossly below the agreed figure. I do not mention this as a personal matter; I dislike my present duty. But, in the interests of the trade and that solidarity for which the federation stands—and I would remind my listeners that federation means brotherhood, a noble conception not to be lightly tampered with—in the interests indeed of plain truth and fair dealing I feel impelled to protest . . . ” and so on.

When the furtive looks begin to pass, and “Is it I?” becomes the flaming question on every face, the speaker with slow deliberation will fix his gaze upon the unhappy rogue whose machinations he scorns to reveal by open accusation. It is a dramatic moment. Judas takes his sop.

Mr. President can be relied upon to deal with such treachery as if his own personal interests were at stake. It is small wonder that a recreant thus dealt with has often little alternative but to slink out and commit bankruptcy, the
Mr. Bolsover was present on one such occasion, and as the victor resumed his seat took part in the adulatory remarks murmured among the members, who were for the most part men anxious to keep the trade clean.

“Il connaît le dessous des cartes!” he observed to his neighbour, glad in a way to bring his wasted French into play.

“Yus . . . er, yus!” said that individual, who emitted a faint redolence of tarred sacking.

Mr. Bolsover had no opportunity to pursue this particular conversation, as after that one courteous acknowledgment his neighbour turned his back and conversed from the corner of his mouth on the other hand. Thrown upon his own resources, in a hiatus of business, Mr. Bolsover cogitated upon the complexities of commerce. After the busy talk of stabilisation the thought struck him that as yet he was only like an ambassador to the alien body of consumers from the realms of big business where adroit minds were at work. An ambassador’s work was to smooth the way. He had to use his personality to prevent friction between consumers and the great administrators of business, or whatever regal heads were finally behind the whole organisation.

Such reflections were apropos of nothing, being stimulated by the august business intelligences he basked under in the circle of the federation.

What he perceived most clearly was that there are heights to be scaled in business administration; that the technique of good business is a not inconsiderable acquirement, being in fact comparable with the best modern statesmanship, in that superficial appearances give no hint of the profounder issues at stake, of which the lay public as a whole is naturally not cognisant. His respect for those masters of business practice whose eminence and fortune had made their names household words greatly increased.

When he felt that the time for experiment in the diplomacy of trade expansion had come, he wisely refrained from tackling industrial users where longer experience and entrenched friendship on the part of rivals might outwit him. As for contracts, head office had a finger in that pie, and by some strange inversion of the rules of arithmetic could sell to contracts cheaper than they could to him for resale. He was left with “big private buyers.” Big private buyers live in houses mostly removed from the herd of little homes, and this aloofness is preserved in dealing with tradesmen. Mr. Bolsover only once made the mistake of ringing the front door bell at the mansion of a member of the nobility. His personality was utterly wasted at that big black door, for he was given to understand very plainly that sales talk held no interest for aristocracy, at least not at levels below those of national exports as discussed in the Upper House, and that the person he wanted was called the butler.

In the obscure offices where butlers dwell, in an atmosphere of silver plate and staff deference, he learned the business technique known as “slipping the quid.” This was simple to perform and effective in action, and was indeed provided for in the book-keeping system by a column in the petty cash analysis headed trade expenses. But, though simple, a counterblast was remotely possible through the advanced and risky technique of “slipping two quid,” which involved a conspiracy for the amendment of the avoirdupois table to the effect that nineteen hundredweights equal one ton. Against this the honest soul of Mr. Bolsover revolted with loathing. Interference with physical standards is not British, and throughout his business career he was prepared to sacrifice business prosperity rather than do the thing that was not British. So he prospered.

As his influence spread in a wider and wider circle beyond the confines of Whitworth proper, talk of stabilisation at the federation meetings tended to give way to discussions on what was designated by Mr. President as “legitimate territory.” It was even proposed that in imitation of the larger region of affairs a cartel system be inaugurated within the county. But there were so many struggling for supremacy or a bare livelihood that it was difficult to devise a practical scheme which would improve upon the current grab and, occasionally, smash system. Moreover, Mr. Bolsover had found his feet in the federation, and where nothing else prevailed a neat French phrase would often carry the day.

When it was suggested that the Ministry of Transport, which had taken an active part in eliminating more than one enterprise, should be called in to prevent delivery lorries running more than a stipulated distance, Mr. Bolsover contented himself by mildly deploiring government interference in business organisation. But a patriot pointed out strongly that if every lorry could only run within a narrow circle, more depots and more lorries would be needed, and this would employ more drivers. It would make work, he said. He thought the Government should have the loyal suicide of those who fail to observe the practical code of clean, sound business.
support of businessmen in carrying out its policy.

At this point Mr. Bolsover, seeing the weight of the argument against him, decided that the time had arrived to come down heavily.

“Gentlemen,” he said, “government restrictions are but tests of competitive cunning in circumvention—among the unscrupulous. All business depends upon healthy competition. To me, such action as is proposed if it materialised would simply be a provocation . . . reculer pour mieux sauter.”

The Ministry was not invoked.

As time went on, the charm and modesty of Mr. Bolsover’s personality carried him far with small orders, he had a genius for courtesy. But it was his well-pondered philosophy which won ground among big private buyers.

“People will do anything for money,” he reflected, and with practical wisdom he slipped the quid disingenuously. The butlers disposed of, he won the regard of their masters by overcharging them and then insisting that a discount be taken for prompt payment. This latter kindliness he called, for old association’s sake, his rebate system.

His penetrations into the rural environs of Whitworth and the increasing success with which he overtook the market of big private buyers attracted the notice of head office. The bearded director, who prided himself upon his business discernment, had what he called a striking idea. He called his staff together and told them that he doubted whether depot managers were active enough among big private buyers. It is unfortunately the way of head office to crib a good idea and convert it into a tyrannical demand.

Mr. Bolsover himself was not spared. He received a letter telling him that every good “prospect” in his neighbourhood had to be personally canvassed. Enclosed with this was a list of such “prospects,” compiled by the bearded director himself, with the aid obviously of a telephone directory. It was required also that these persons be seen immediately, and a very detailed report of the interviews sent in without delay. At the head of Mr. Bolsover’s list was a fiery retired General, the terror of tradesmen and the tyrant of the local Council.

When his eye fell upon the dread name, Mr. Bolsover without a moment’s hesitation seized his pen and wrote the required report:

CANVASSING LIST
Whitworth Depot,
April 29, 1936.


Called on this prospect at front door (as per Salesmen’s Instruction No. 16) and was told to go to back. Encountered Gen. McTavish and opened with “Approach to New Prospects” (Salesmen’s Instruction No. 3). General McTavish replied—“Look here, young man, I don’t know who the hell you are and don’t want to know, but your firm are swindling blackguards. I bought a ton of their coal five years ago and it was ruddy rubbish. Clear out of here, I don’t want any more of their bloody brickbats.” Found it impossible in these circumstances to employ “Close of Sale” (Salesmen’s Instruction No. 40).

Mr. Bolsover read this over and considered it hypothetically correct. He was thus encouraged to continue down the list and after a good morning’s work had a report which made plain the shortcomings of his masters through the authentic voices of “prospects.” He was not surprised to receive soon after a consignment of much better coal than usual, though he had to enter no heavier debits on his trading account for it.

As good commodities will always sell themselves, providing people have the money to buy them, this sudden access of quality in his goods resulted in a boom of trade among small orders, who discuss such things. Mr. Bolsover perceived in this fact the grace of Providence and his own justification. He had by a simple device of pardonable duplicity furnished himself with the one weapon a sincere salesman needs—good stuff to sell.

“I have my living to get,” reflected Mr. Bolsover, “but that doesn’t mean that if head office pick the names of wild beasts out of the telephone directory, I have to force their dens like a Zoo keeper. No! I perceive the value in business
of an adequate lie. Let me review the situation. With a living to get, it is unwise to be squeamish. These are competitive days, and there is certainly a fight on for a livelihood. Why there should be I don’t know, but the whole thing is reduced to this: people will do anything for money. It’s natural—what can anyone do without it, except starve?”

“Well, I have the right tactics, because everything has turned out for the best. I started wrong; I must admit that. The idea of being in the coal trade is not to see that everybody keeps warm. What I have to bear in mind is the important point: turn coal into money as fast as possible. Bless my soul, it’s as good as the Tax Office, and in the long run it’ll be easier to become a captain of commerce than it was to be a subaltern of the Somerset House dragoons.”

He was soon confirmed in this good opinion of his own progress, for at the end of twelve months he received a memorandum from head office, signed by the bearded director, as follows: —

Dear Mr. Bolsover,

My fellow directors and I wish to congratulate you upon the increase of one thousand tons in the output from Whitworth depot during the last year as compared with the year preceding. We are glad to inform you that, subject to the continuance of this progress, you may reckon your salary henceforth in guineas — two guineas per week.

We note that the fodder account for the two horses engaged on your rural deliveries is up 5s. as compared with last quarter. Can you explain this?

“With my personality,” said Mr. Bolsover to himself, as he whipped off the typewriter cover in order to answer this communication, “with my personality, I shall touch four figures yet.”

The A + B Theorem

By R. L. Northridge

The following article will form a chapter in a forthcoming book by the author.

INDUSTRY comprises all those who are engaged in production and distribution, and the system provides the sole source of goods in a modern community; the wages, salaries and dividends it pays are correctly regarded as the sole source of incomes to the whole population.

This at least is the intention; the proposition being that any person who takes no part in industry must receive income at the hands of those who are so engaged—directly, as in payment for professional services, and indirectly, as in payment for government services. This picture would be wholly accurate if all the credit created by government borrowing were repaid by taxation—direct or indirect—of people’s incomes.

The debt arising from failure to do so is better regarded as a symptom of breakdown than as a mere exception to a rule. It is therefore legitimate to say that for money to reach any individual as income it must first have passed through the industrial system leaving an equivalent cost behind it. The only exception arises when a bank purchases gold or securities, but such amounts are relatively small and in any case are usually regarded by the recipients as a transformation of their capital, and not as income which can be spent on consumable goods.

For the sake of convenience, the words “industry” and “industrial costs” are used in a liberal sense to include all forms of economic activity whereby goods or services are produced and costs are incurred other than the personal remuneration of the individual providing them. Although to some extent certain professional services (doctors, lawyers, etc.) may be considered as a part of the industrial system (and to that extent the argument that follows applies to them), it is nearer the truth to regard these services as rendered outside the system. Broadly speaking, such services do not add to industrial costs and are paid for by a mere redistribution of industrial incomes as between members of the community. Since the incomes in respect of these services are not new purchasing power but transferred purchasing power, and since no industrial costs are thereby created, these activities may be neglected in pursuing the present inquiry.

Regarding the industrial system therefore as the sole source of goods (and of industrial services such as transport)
and the sole distributor of purchasing power (incomes), it is clearly necessary, if the economic system is to function in equilibrium, for the rate of flow of purchasing power to equal the rate of flow of the prices attached to the goods and services industrially produced—such prices being sufficient to enable the producers to clear their costs and make a reasonable profit.

It is the core of the Social Credit Analysis of Cost that, in the existing system, the rate of flow of prices is greater than the rate of flow of incomes, and in consequence industry is never able to recover its total costs from the community. During times of wholly abnormal capital production (such as the last war) incomes may be sufficient to defray the cost of the consumable goods coming upon the market, but they are unable to purchase in addition the new capital issues in respect of the new capital production. Yet the community is entitled to acquire not only the consumable goods made but also the securities representing capital production, for the efforts of the community alone made both capital and consumable goods.

(No question of communal ownership is involved; total capital issues should be within the reach of individuals as individuals, just as the total consumable goods should be purchasable by the community as individuals.) Instead, the new capital expansion is made possible by a created credit which is charged to the community as debt, and sooner or later appears in taxation or (if a productive asset has been created) in prices—and it should not be necessary for the community to engage in capital production in order to acquire their total output of consumable goods.

The Analysis of Cost previously alluded to (known as the A + B Theorem) has been stated by Major C. H. Douglas in these terms:

“A factory, or other productive organisation, has, besides its economic function as a producer of goods, a financial aspect—it may be regarded on the one hand as a device for the distribution of purchasing power to individuals, through the media of wages, salaries, and dividends; and on the other hand, as a manufactory of prices—financial values. From this standpoint its payments may be divided into two groups: —

Group A—All payments made to individuals (wages, salaries, and dividends).

Group B—All payments made to other organisations (raw materials, bank charges and other external costs).

“Now the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A plus B. Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the descriptions grouped under A.”

Modern industrial production is usually multi-stage and involves the transference from firm to firm of semi-manufactured goods. The raw material is produced by one organisation which sells it to another, which in turn, after putting it through further processes, disposes of it to a third, and so on. It is important to notice that industrial costs as a whole are not liquidated by the sale of semi-manufactured goods between firms; the costs are merely transferred. The costs are not liquidated until the final product is sold at retail to the ultimate consumer who actually uses the goods for his personal satisfaction and does not charge the cost of them to anyone else.

In order to induce continued participation in all these processes of production it is necessary that the final price of the goods (neglecting profit) be at least equal to the cost of the raw material plus the costs added by each firm through which the raw material passes. The final price is not the total of all the transfer changes within the industrial system.

Perhaps the simplest method of examining the Theorem is to begin by considering some of the criticisms that have been put forward against it. Most criticisms have been related to exemplary, simplified systems, of which the following is a fair example:

A firm X, producing raw material, sells a quantity to a firm Y for £200. Y’s operating costs are £200, and this firm transfers the goods to firm Z for £400. Z’s operating costs are also £200, so that this firm offers the goods to the public for £600.

If X’s entire costs are wages and salaries, and if the operating costs of Y and Z are entirely wages and salaries, then the employees will have £600 and be able to buy all the goods offered for sale.

Before giving this simplified illustration further consideration it will be convenient to set it out numerically.
A costs    $200  £200  £200
And sells for £600

B costs    ___  £200  £400
1st month 2nd month 3rd month

We may suppose each stage of this process to require one month, and to function continuously in equilibrium, for the total of the A costs (£600) is equal to the price of the final commodity. Moreover, we can bring the system nearer reality by adding the simplest form, but only the simplest, of overhead charges—maintenance of existing plant—without destroying the equilibrium. A fourth firm, M, can be imagined, collecting £10 each monthly from X, Y, and Z, and supplying each with new machinery every month to that amount. (M, of course, must have no B costs.)

In any case (and disregarding M as an unnecessary complication in this context) the total of the A + B costs of each firm is £200 + £400 + £600 = £1,200, so that A is continuously less than A + B without causing disaster. It has therefore been maintained that it is necessary for the total A payments to be equal to the A + B costs of the final firm only for a state of equilibrium to be attained.

This equilibrium, however, is deceptive, being that of a spinning-top. Let us see what happens when the system is brought to a standstill.

During the first month, with Y and Z operating alone, the total of the A costs distributed is £400, while the price and quantity of the final product, of course, remains at £600. During the second month, with Z operating alone, the total of A costs distributed is £200, while the price of the final product is again £600. The revealed deficiency of purchasing power is £200 + £400 = £600—the amount by which A is less than A + B when the system is in continuous operation.

Thus, even in a primitive system, wherein all the costs added by the member firms are wages and salaries, and wherein B costs are merely transfers of semi-manufactured material, there is a carried-over deficiency from month to month of the difference between A + B and A, and this latent deficiency reveals itself in full when the system is wound up.

“It is irrelevant,” remarks Major Douglas, “that in the modern world all of these . . . processes are taking place simultaneously, and that the product may be found in any of the . . . stages at any moment. It is still true that you cannot bake bread with corn which you are simultaneously grinding. Consider the nature of these B payments. They are repayments collected from the public of purchasing power in respect of production not yet delivered to the public” (“The Monopoly of Credit,” p. 32).

When the operatives in firm A spend their £200 in buying consumable goods they are using money distributed in respect of production that will not come upon the market for two months. The more complicated the process, the longer this period becomes and the greater are the chances that a variation in output will produce disequilibrium. The operatives are, in fact, involuntarily investing their money, and the effects of that process will be examined later as they apply to investment in capital goods. Meantime, it may be observed that it is only the more rapid rate of destruction of consumable goods, as compared with capital goods, that causes the present deficiency to be merely potential and not actual.

“When any payments in money appear twice or more in series production, then the ultimate price of the product is increased by that amount multiplied by the number of times of its appearance, without any equivalent increase of purchasing power” (C. H. Douglas: “The Monopoly of Credit,” p. 30).

We may call a deficiency of this nature, caused by carryover of stock and kindred transactions, a “potential” deficiency, and, as such, it is often dismissed as of no importance. Broadly speaking, so long as such a system functions continuously “in a perfectly steady state of self-repeating movement” all is well—though, as process-time increases so as to approach the average duration of bank loans, there is a tendency for manufacturers to attempt to liquidate their stocks faster than purchasing power is coming on the market, * and thus produce disequilibrium. But, as will be shown later, there are various “active” causes of deficiency at work, and therefore, as all economic history shows, “a perfectly steady state of self-repeating movement” cannot be maintained. During the last hundred years boom-and-slump oscillations have occurred at, roughly, ten-year intervals; any partial slackening in production due to the Trade Cycle causes the potential deficiency partially to reveal itself, and that at a time when the output of all
industries is likely to be declining. The potential deficiency thus plays an important role in magnifying depressions initially due to other causes, and it is the strength, not the weakness, of the A + B method of analysis that it embraces the potential deficiency as well as the more positive sources of disequilibrium.

Monopolies and firms supplying commodities in inelastic demand are in a favourable position to recover prematurely from the consumer the debt they have incurred in respect of stock, leaving less fortunate industries to shoulder the resulting deficit.

It is true that in times of boom, when additional productive systems are started, more money would be paid out as incomes than was required to buy the product, if this were the only cause of deficiency; but if incomes really do exceed total prices, an inflation of prices speedily relieves consumers of their surplus purchasing power. More capital is created and/or a certain amount of old debt discharged.

This new capital is not spent without considerable resistance on consumable products during the subsequent depression, when the slowing-up of the productive system requires additional effective demand; individuals and firms live upon their capital with the greatest reluctance. Moreover, the economic pressure comes first upon those who have not been able to accumulate the excess money during the boom, and may never reach those who have acquired most of it.

It should also be noticed that a serious charge lies against an exemplary system of the sort outlined. In order to show such a system working in equilibrium it is necessary always to assume that the first firm in the chain allocates no B costs of any kind whatever. Such a firm cannot be found anywhere in any modern community, and therefore its inclusion, as the first term in the series, is wholly illegitimate if the system is put forward as representing, however remotely, all the industrial facts.

We may therefore conclude that if the industrial system is to function in stable equilibrium each firm must pay out directly (or indirectly, if we include firm M) to individuals all the costs it has itself added to the product, and such payments must be made in the same period of time as the corresponding price-values are presented to the public for liquidation. This condition never obtains in modern power production.

Having examined the situation in regard to what may be called short-term assets, it is now necessary to consider the effect of long-term assets upon economic equilibrium, in the light of the conclusions already reached.

All industrial firms, whether or not they obtain their raw materials for nothing, must add B costs into the price of their product. Up to the present such costs have been regarded chiefly as money paid to another organisation for semi-manufactured or raw materials, but, of course, they include in practice a group of costs known as “overheads.” Overhead costs are composed of payments for maintenance, allocations in respect of the original cost of the equipment (depreciation of plant and buildings), insurance, and similar charges. It is not enough to maintain a machine in running order; it is necessary also to include a charge in price to ensure that, when the machine is worn out or obsolete, sufficient money has been accumulated to purchase a new machine. Otherwise no aggregation of capital could be maintained.

There is a popular idea to the effect that consumers do not purchase capital goods and semi-manufactured products. They unquestionably do not purchase them directly, but it is equally certain that the cost of all production, capital and consumable goods alike, is charged to the consumer in the price of such goods as he does buy. It therefore follows that the workers and shareholders in a factory producing, say, lathes, must receive sufficient money to buy its total output if they desire to do so. Otherwise the community will not be able to pay for the lathes when and as the cost of the lathes is presented to consumers as a component of the price of furniture, say, coming upon the market.

It is, however, as we have seen, a valid objection to say that the maintenance of machinery is merely a special case which does not differ essentially from the transfer charges in respect of semi-manufactures which we have already considered. The cost of the equipment which is merely being maintained is added into the cost of the final products, this cost equalling the incomes paid out in respect of maintenance, and a condition of equilibrium once more attained—provided that no other charges in respect of this equipment are collected.

It is in the creation of new capital assets and in the maintenance of the money value of existing capital assets (as distinct from running repairs) that a serious deficiency of consumer purchasing power arises. Capital is created by saving—not always by monetary saving, though that is the simplest method and will be considered first.

Let us suppose that a person saves £100 which he spends upon a machine (i.e., invests the money). Meantime,
consumable goods to the value of £100 have not been bought, but we can, by a flight of fancy, imagine that these goods have remained without deterioration upon the shelves, and without causing industry to slacken its pace owing to apparent overproduction. If we imagine, by a further flight of fancy, that the £100 spent upon the machine was distributed in toto as wages and salaries (i.e., that the machine-making firm had no B costs), then the workmen making it are able to buy the £100 worth of goods immobilised by the person who saved the money.

This person is now in possession of capital assets to the amount of £100, and in the prices of the goods he makes must add a charge for the use of the machine which will not only keep the machine in running order but also replace it when it is worn-out or obsolete. The community has not the money to meet this charge. It is idle to argue that this money will become wages and salaries to the makers of machinery ten years later when the machine is replaced: it must first be collected, and even if all the other producing units of the community were functioning in equilibrium in regard to all their charges (including maintenance of capital), there is no additional money available which can be collected to maintain the new capital value. So that if sufficient money is collected from consumers, this merely results in transferring the effect of the deficiency to another seller.

We are here confronted by a problem of time-order. We have strained the facts in order to suppose that the system was in equilibrium when the new machine began to work and, at the same time, the entrepreneur began to attempt the collection of money which will be paid out only ten years or so later when the machine is to be replaced. As the money is not there, it cannot be collected, even though it be proposed to replace it later. And, in spite of our supposition, it must be obvious that much the same thing is true of the machinery previously in existence, which was, and is, being financed by the same methods.

Moreover, when after ten years the money is disbursed, it is paid out, not to consumers, but to another firm, which, of course, is allocating B costs and paying them to yet other organisations. There is thus a rate of transference of money (and therefore a building up of prices) within industry which is constantly greater than the rate of industry’s disbursements to individuals.

Since the number of machines in use has been, and is, constantly increasing, having started from zero, and since during their life all are collecting money which is to be disbursed only after they are scrapped, a very considerable deficiency must arise from the mere increase of capital assets. And the deficiency is frequently aggravated by financial prudence dictating the collection of maintenance and replacement charges at a rate faster than the actual destruction or obsolescence of the asset warrants. This is, of course, largely dependent upon the state of the market for consumable goods, and was a feature of the last American boom.

Money saved for replacement-charges in the future is generally invested in trustee securities, but this does not mean that it can act as the missing consumer demand. If the securities are purchased from a bank, the money is cancelled; if they are purchased elsewhere, the vendor does not spend the proceeds of the sale if he can help it, since to do so would be to “eat into capital.” He normally seeks a fresh investment.

The constant increase in capital assets is due not only to a desire to exploit new discoveries in process and new products; it is very largely undertaken to give employment, the wages and salaries in respect of which can be used to make up, at any rate temporarily and partially, the deficiency in the purchasing power available to liquidate the price of the consumable output of the existing capital assets. But, as we have seen, this increase can merely postpone the evil day, since it accumulates a further shortage of purchasing power in the immediate future. This aspect of the argument has recently been stated by Mr. J. M. Keynes:

“Consumption is satisfied partly by objects produced currently and partly by objects produced previously, i.e., by disinvestment. To the extent that consumption is satisfied by the latter there is a contraction of current demand, since to that extent a part of current expenditure fails to find its way back as a part of net income. Contrariwise, whenever an object is produced within the period with a view to satisfying consumption subsequently, an expansion of current demand is set up. Now all capital-investment is destined to result, sooner or later, in capital disinvestment. Thus the problem of providing that new capital-investment shall always outrun capital disinvestment sufficiently to fill the gap between net income and consumption, presents a problem which is increasingly difficult as capital increases. New capital-investment can only take place in excess of current capital-disinvestment if future expenditure on consumption is expected to increase. Each time we secure today’s equilibrium by increased investment we are aggravating the difficulty of securing equilibrium tomorrow” (“The General Theory of Employment, Interest and Money,” p. 105).
If \( x \) = the amount of net investment (the excess of investment over disinvestment) required to give equilibrium in any given period, and if \( y \) = the average rate of disinvestment, then, to give constant equilibrium, net investment must increase during successive subsequent periods, as: —

\[
x : (x + yx) : [(x + yx) + y(x + yx)] : \ldots \nonumber = x; (1+y)x; (1+y)^2x; \ldots .
\]

That is, the net investment of each succeeding period must be \((1+y)\) times the net investment of the previous period; net investment must increase by a geometrical progression. “Thus the problem . . . presents a problem,” Mr. Keynes remarks, “which is increasingly difficult as capital increases.” This is an understatement; such a problem moves swiftly from difficulty to insolubility, for a series exhibiting a constant growth factor implies ultimately impossible results.

It is clear that any community, which is adding to its capital resources, and can supply men who are working to that end with consumable goods, is in effect saving. And since consumable goods actually in existence today cannot be distributed except by setting the community to work upon fresh capital assets to be paid for in the future, the conclusion is inescapable that the processes of producing the existing consumable goods did not distribute to individuals sufficient money to purchase them.

Monetary saving (which may be here taken to include both hoarding and investing of money) is not practised only by individuals; the reserves built up by successful businesses, banks and insurance companies are similar in principle and have precisely the same effect upon the economic system. In regard to the insurance companies, it may be sufficient to quote from information presented by Mr. W. E. Mashford to the House of Commons in 1925: “During the last five years the Industrial Assurance Companies have collected upwards of £135,000 per working day and paid out only £42,000 per day, retaining the balance of £93,000.” And the banks, driven by the instability of the system they operate, seek a delusive security by keeping their liabilities to the public as much as possible below the liabilities of the public to them. That is to say, they are practically forced by their system to distribute only a fraction of their profits in order to accumulate huge reserves, both hidden and declared.

Profits are a further source of deficiency of purchasing power. Though they may be spent by individuals upon consumable goods, yet they must first be collected; and it is this time-order that causes the deficiency. If the amount of money is kept constant, it is clearly impossible for industry as a whole to balance its books, as on December 31, and find a money profit, however much real wealth may have been created during the year. What one firm may have gained, another firm has lost, so that the attempt to change profit into price is, collectively, foredoomed to failure. What happens in practice is that the more efficient or better-placed firms make a profit, leaving their less fortunate competitors with a deficit that must, if continued, remove them from business.

An allied cause of deficiency is bank interest, interest being profit upon an intangible. It is, however, a profit that must be paid, while an industrial profit may be foregone indefinitely in the constant hope of better times, provided that an actual loss is not incurred: the difference is the difference between a debenture and an ordinary share. Since the banking system creates all money, the interest due upon all loans (less salaries to bank staffs, and interest paid to depositors) can be paid, if it is paid, only by borrowing the amount from the banking system, i.e., by an increase of debt.

All the causes of deficiency of purchasing power that we have examined remain entirely unaffected by the truism that all \( B \) costs may be traced in the final analysis to individuals as income. Saving and investment, for example, make it possible for a sum of money to circulate an indefinite number of times through the industrial system, each time creating a fresh cost, but it can liquidate a cost only once. The actual deficiency thus caused is equal to the sum of money multiplied by the number of times it reappears.

And these causes of deficiency act independently of whether the banks are increasing or decreasing the amount of money in existence. If deflation is being imposed, the deficiency is made more acute; if inflation, the situation is correspondingly eased.

At the beginning of this argument reference was made to services, which are rendered outside the industrial costing system. At any given moment, payment for such services as well as for second-hand goods is employing in the aggregate large sums of money, which are needed for the liquidation of industrial costs. It is true that this money will later be available for the purchase of goods from the industrial system, but “later” is not the same as “now”; when
“later” becomes “now,” further sums will be withheld from industry for the same reasons. The net result is a large block of effective demand, constantly disappearing and constantly renewing itself, permanently withheld from the industrial system by the operation of a time lag.

Present savings, profits, second-hand sales and deflation (if any) may be regarded as current aggravations of the flaw already embedded in the system by the operation of past savings, both monetary and real. This flaw expresses itself in a “difference of circuit-velocity between cost liquidation and price creation, which results in charges being carried over into prices from a previous cost accountancy cycle. Practically all plant charges are of this nature, and all payments for material brought in from a previous wage cycle are of the same nature.”* And as mechanisation of process increases, the actual deficiency must increase correspondingly in relation to the potential deficiency.


The deflection of human energy in a modern community from the production of consumable goods (or from unproductive idleness) to the construction of a large capital asset (an example of real saving) does not mean that the community gets less consumable goods. In point of fact and as a matter of common observation, it gets more, because its total effective demand is made more nearly equal to the total supply of consumable goods. Each week and each month the community’s wages and salaries are taken from it in exchange for the means of existence, while weekly and monthly the wage and salary costs of the new asset pile up. When, after perhaps a year, the new asset enters production there is no money available to meet its overhead charges—they are charges “carried over into prices from a previous cost accountancy cycle.”

Obviously, the deficiency caused by this process depends very largely upon the difference in the rate of consumption of consumable goods and the rate of destruction of capital goods, although the increasing length and complexity of industrial processes are also factors, in that some raw materials are tending to have almost as long a “life” as the more short-lived kinds of capital assets. It is also clear that the longer the average period over which money is collected in respect of capital assets, and the shorter the average period over which money is collected for day-to-day living on the part of the community, the greater will be the discrepancy between purchasing power and prices.

The former period is the average time in years (N\(_2\)) taken to make and wear out a capital asset; it is the time covered by the production and destruction of a cost. Obviously, such a period will vary greatly according to the nature of the asset, but a fair and usual average is 20 years.

The latter period is the average time in years (N\(_1\)) during which the money at the disposal of the community (total income) circulates from industry to the consumer and back again.

“In Great Britain, for instance, the deposits in the Joint Stock Banks are roughly £2,000,000,000. In rough figures, the annual clearings of the clearing banks amount to £40,000,000,000. It seems obvious that the £2,000,000,000 of deposits must circulate twenty times in a year to produce these clearing-house figures, and that therefore the average rate of circulation is a little over two and a half weeks . . . The clearing-house figures just quoted contain a large number of ‘butcher-baker’ (second-hand) transactions, and these must be deducted in estimating circulation rates.” (C. H. Douglas: “The New and the Old Economics,” pp. 18, 19.)

After making the necessary correction for the volume of second-hand transactions and for payments that do not go through the clearing-house, we may conclude that the average period of circulation of the money spent upon consumable goods is about two months, or one-sixth of one year.

The effect of the very great disparity between these two rates has been shown mathematically by Major Douglas in “The Monopoly of Credit” (New Edition, to be published in 1936) as follows: —

\[
\begin{align*}
\text{Let } n_1 &= \frac{1}{N_1} = \text{number of circulations per year, say 6.} \\
\text{Let } n_2 &= \frac{1}{N_2} = \text{number of circulations per year, say } \frac{1}{20}
\end{align*}
\]

“Let A = all disbursements by a manufacturer which create costs
Let $B = \text{all disbursements by a manufacturer which transfer costs to other organisations.}

The manufacturer pays £A per annum into the $N_1$ system, and £B per annum into the $N_2$ system.

Disregarding profit, the price of production is £($A + B$) per annum. But to purchase (i.e., to cancel the allocated cost of) £($A + B$) there is present in the hands of the consumer—

$$\frac{\mathcal{L}(A_{n_1} + B_{n_2})}{n_1} = \mathcal{L}\left(A + B \frac{n_2}{n_1}\right)$$

Consequently, the rate of production of price value exceeds the rate at which they can be cancelled by the purchasing power in the hands of the consumer by an amount proportional to

$$B\left(1 - \frac{n_2}{n_1}\right) = \text{approximately } B.$$
mellow, witty, cultured conversation is starred with quotations from the Early Fathers. He knows everything about wine and even more about food. He talks too much to please me; I like action; but the other characters in the book do not mind his loquacity because it is such excellent talk.

If his name is not Prongtrufifle it will be Clutterpip or Fewjoy, and the faint, fantastic cast thus given to his character is strengthened by a chronic ailment, which from time to time overtakes him and shatters his mellowness. He will suddenly be devastated by colic or hiccoughs, and the author delights to show him in the grip of this malady, his philosophy in shards.

Though doing everything which an ordinary person would consider wicked, Mr. Prongtrufifle is perfectly happy, and he frequently tells the other characters that they could be perfectly happy too if only they would lie in the sun and pinch a girl while eating grapes. Often he goes off to Italy to do it, and I wish he would never come back.

The influence of the late D. H. Lawrence is seen in the character of the Maternal-Mate bore. Twenty years ago this woman would have been unhappy because she could not have a career as well as a baby, but today she is, oh! so deeply and darkly (but not, alas, dumbly) satisfied with the baby, or rather, with a procession of babies whose development, arrival and nourishment is described in detail.

When the babies get to the interesting stage and show some of the characteristics of human beings, the Maternal-Mate loses interest in them and starts another one, because she is conscious of the babies only as tiny animals with whom she has a dark blood bond. This is the correct contemporary attitude; some years ago the Maternal-Mate would have been labelled a Silver Cord.

The Maternal-Mate is considerably mixed up with the moon, the earth, and deep satisfactions. I observe with resignation that she is beginning to write poetry, but she does it with diffidence because the late D. H. Lawrence would probably have said that women had no business to do such an intellectual thing as to write poetry. However, the Maternal-Mate gets round this snag by writing the poetry about her body, the bodies of the babies, and her relations with the earth, the moon and the deep satisfactions. The resultant poetry is not a source of deep satisfaction to anybody except its author.

Mr. Charles Morgan has so far cornered the market in creating the contemporary femme fatale, but not, I fear, for long. The Human Nature’s Week-End Food Woman (she is too rare a being for daily consumption) is bound to be popular with both men and women, because most women want to be like her, or preen themselves that they are like her; and men seem to admire the type, which is awfully spiritual and yet a thoroughly womanly woman.

The Charles Morgan woman has lots of hair and brilliant eyes and her expression varies. Sometimes she looks like a flame; sometimes like a sword or a gleam far down in a dark forest, seen far off. She has a curious childish gaiety and a remote unearthly wisdom, and it is difficult to gather exactly what she does look like. Spirituality is her long suit and favourite indoor sport. She does not exactly believe in only having her cake, but she eats it with such a pained expression that one suspects that she would rather have had it. There are times when she does not seem to care for cake at all, and all men seem crawling brutes and she would rather be alone in shadowy realms. She is at once virginal and fulfilled.

It is a difficult type to imitate, but no doubt those who make her their model will be satisfied with the results. The prospect is not cheerful.

I find the Eccentric Detective a bore, but it is plain that most readers like him. His ancestor is, of course, Sherlock Holmes, whose oddities were merely oddities and lovable ones at that; but the contemporary Eccentric Detective behaves so strangely that it seems the English Character or Worthy has taken to detection in a body. Dickens himself might well have looked doubtful over the behaviour of Philo Vance.

It is a peculiarity of the Eccentric Detective that he does not just say things. He rumbles, shoots, grunts, snaps and snarls. His personal habits vary between the nervous fastidiousness of Philo Vance and the sloppiness of “H.M.” He showers himself with ash, drops the ends and the beginnings of words and has slovenly turns of speech. He keeps people out of their beds while he spits and drawls at them, raking them with a gelid eye, and his meals are neurotic. They consist either of coffee and sandwiches on a tray, ignored while raking and snarling, or of superb repasts at famous restaurants. He never just has breakfast.
His recreations are odd as well. He does not play tennis or go to the pictures. He attends an exhibition of ailettes, or passes his leisure in making brooches from monkeys’ teeth. And it is not always clear how he arrives at the conclusions, which lead to the unmasking bit in the last few pages.

Dear Inspector French, sweet spirit of normality, intelligent as thou art modest! Long mayest thou enjoy holidays abroad with Mrs. French, and may thy memoirs, written on thy retirement, run into many volumes.

Loosie is a lady whose age is eternally thirty-three, though actually she is about one hundred years old and had a French great-grandmother whose name was Marguerite.

What I resent about the Loosie situation is that we are asked to admire her, and it is implied that we should be nicer women if we were as generous, rich-natured and kind as Loosie is.

She has a small vocabulary; it does not have to be large, because she has other ways of expressing her personality than by talking, and the word NO is not in it. Loosie would think it unkind to say NO. She never tried laughing at a man, either. Whenever a man needs comforting, Loosie is on the spot. If she is married to one man at the opening of the book she will have left him and comforted several others by the end of it.

Not that Loosie ever really ends. I recall one Loosie who told her lover on the last page (they had been having a nice holiday abroad somewhere) that he need not think he had got her for keeps; oh no. If someone needed comforting, off she would have to drift; and she was quite upset because he did not see it like that.

Though Loosie is actually one hundred years old, the reader is never shown her as an old woman. Perhaps the authors dimly realise that Loosie does not lead, or rather follow, the kind of life which makes an interesting old woman. We will hope that she dies young, as her grandmother did.

There is a reader who enjoys what he calls “a good long read.” I enjoy one also, but I think that the art of writing books which provided a good long read died forty years ago, to be replaced by the contemporary bad long read.

The object of the bad long read is to provide a panorama of recent history, seen through the eyes of an outstanding, vivid character, which shall live in the memory of the reader, and thereby, as they say, kill two birds with one stone.

The hero of the bad long read is a very large man with more vitality than most; he has to be to get through the crowd scenes. He begins in a slum in 1898 and works his way up and through all the public events which happen between that date and 1936. He has two wives, several mistresses and more children both illegitimate and legitimate than is necessary for the reader’s pleasure; and he often roars at them and rumples his storm of iron-coloured hair because they will thwart him while he is founding things and being a genius. In his softer moments he is like a big clumsy boy and in his humorous ones like a Newfoundland dog. He enjoys booming in and out of pubs with life thundering in him like a sea, and I can never remember his name.

Speaking of objects which one has difficulty in remembering prompts me to conclude with a note upon the treatment of the Negro in contemporary fiction.

The difficulty in writing about Negroes and Chinese is to do it in such a way that the reader remembers which is which. The contemporary method is to treat them realistically, with the result that the only Negroes in fiction that anyone remembers are Topsy in “Uncle Tom’s Cabin” and Jupiter in “The Gold Bug.”

Negroes in fiction used to be (a) comic, and (b) faithful. Now they are neither.

**Thirteen Years of Progress**


**By A. Hamilton McIntyre, C.A.**

**Author’s Note**

In writing this review of “Socialism and Social Credit” — a Report issued by the Labour Party last year and priced
at twopence—I have had, first of all, to consider whether the subject should be dealt with at length or whether it should be disposed of in as short a manner as possible. Was it worthwhile to deal with the pamphlet, as it were, page by page, or should the method to be adopted be one of putting down the fundamental ideas of the authors of the pamphlet with regard to the matters under consideration, and then, shortly, contrasting these ideas with the fundamental ideas of the Social Credit movement?

My decision was taken in favour of dealing with the matter at some length, following fairly strictly the order of the Report. Whether or not the adoption of such a method makes the review more interesting I leave to the reader.

The method obviously has disadvantages, but these are possibly outweighed by the ease with which the reader may deal with the Report and this review concurrently.

INTRODUCTORY

It is stated that the Report was prepared by a subcommittee at the request of the National Executive Committee. Nothing is said about its submission to the Labour Party Conference at Brighton early in October 1935, but it is understood that it was submitted to that conference and was adopted. The following extract is taken from the introductory note to the Report: —

The Report deals fully with Major Douglas’s “Social Credit” proposals and the National Executive Committee associates itself with the Sub-committee’s conclusions on this subject. (Page 3, line 4.)

The sub-committee consisted of three members—E. F. M. Durbin, Hugh Gaitskell, and W. R. Hiskett—each of whom had, previous to their appointment, repeatedly expressed their antagonism to the Social Credit proposals. I think it is true to say, however, that no one of them, in criticising Social Credit, has ever given much indication of having really studied the main principles involved. Their criticisms have been directed largely against what is known as the A + B Theorem.

Mr. Hiskett, from one point of view, might be called the most logical critic of the Social Credit contentions regarding the gap between purchasing power and prices. He, at any rate, realises that if he is not going to accept the A + B Theorem he is logically compelled to postulate a condition of affairs where: —

The total volume of money is sufficient to purchase at one time all final products awaiting sale or in process of manufacture, all raw materials and semi-manufactures and all the machinery for future production at its present value after allowing for depreciation. (“Social Credits or Socialism.”—Gollancz, 1935.)

The committee state their purpose in the following terms: —

What is the Douglas Scheme? How does it compare with Labour’s policy? Are there any points of agreement between them? What are the points of disagreement, and why? (Page 6, line 4.)

As to how far the committee have endeavoured to carry out their avowed purpose I will leave the reader of the Report to judge. It is probably agreed that they have searched for all points of agreement; but have they made any effort to find out and disclose in the Report what the vital points of disagreement are, and why?

In view of the composition of the committee, one naturally expects the Report to be an attack on Social Credit, and so it is rather amusing to find that the Report begins by setting forth the alleged “Points of Agreement.”

FIRST POINT OF AGREEMENT?

The first matter about which there is said to be some agreement is connected with the deficiency in purchasing power. It seems to me the committee suggest that Douglas maintains that there is a chronic deficiency between total purchasing power and RETAIL PRICES, or prices of goods for immediate consumption. This is illustrated by a statement in the Report that in boom periods there is a surplus of purchasing power over prices. This, the committee seem to think, disposes of Douglas’s case that the money system is never self-liquidating.

What the committee do not seem to grasp or, alternatively, are quite determined to ignore, is that the Social Credit case is that purchasing power is never equal to TOTAL PRICES when both are regarded as a flow. If purchasing power was chronically unequal to meet the prices of consumable goods on the market at the time, the system
obviously would not last for very long.

The true position may be put thus: —

(a) The rate of flow of purchasing power will be, almost certainly, less than the rate of flow of prices of CONSUMABLE GOODS when the rate of production of intermediate and capital goods is slackened.

(b) The rate of flow of purchasing power will, almost certainly, exceed the rate of flow of prices of CONSUMABLE GOODS when the rate of production of intermediate and capital goods is accelerated.

(An inflationary rise of price and the investment of excess profits must be mentioned here—it is embraced in the A + B Theorem.)

(c) The rate of flow of purchasing power will always be less than the rate of flow of TOTAL PRICES. One might possibly add here a proviso to the effect that this may not be so during momentary periods of wholesale bankruptcies and losses.

Even then, however, the deficiency will only be deferred. Industry must recover its bad debts out of future prices, and losses must be restored by future profits. In other words, bankruptcies and losses are themselves a cost against the future.

That the committee hold, or pretend to hold, the idea that Douglas alleges a chronic deficiency between purchasing power and prices of goods for consumption, is further illustrated by the following quotation: —

During the boom, he (Douglas) admits the gap is temporarily filled, but only by the creation of additional debt to the Banks. This is, to Major Douglas, evidence of deficiency. (Page 9, line 2.)

The above is rather an extraordinary comment. Commonsense would indicate that industry does not get into debt unless it is unable to pay its costs from its income, so that the fact of a creation of an additional debt to the banks, in all commonsense, be evidence of deficiency. Yet the committee seem to think that this particular statement of theirs strikes a mortal blow at Social Credit.

SECOND POINT OF AGREEMENT?

The second point of agreement is stated to be the common objection to destruction and restriction schemes as a cure for economic depression. This is a point of agreement, without doubt, but the Report goes on to say that both Socialists and Social Crediters recognize the schemes for what they are—monopolies which aim at holding up prices and squeezing the utmost from the consumer. (Page 9, line 31.)

I should hesitate to say that this sentence expresses a point of agreement. There is just a subtle distinction, which illustrates the difference in outlook between a Socialist and a Social Crediter. The Socialist sees in the situation the results of greed, extortion, profit, and so on. The Social Crediter sees the results of faulty arithmetic. The Socialist sees an evil Capitalist extorting money from the worker. The Social Crediter sees a harassed businessman trying his best to square his accounts.

THIRD POINT OF AGREEMENT?

The third point of agreement is stated to be a common attitude to certain moral aspects of the banking system. Reference is made to bank credit functioning as money and the power of the banks to create and cancel money. The Report then goes on to say: —

These facts were not discovered by Major Douglas. They are to be found in all orthodox writings on the subject and are clearly stated in the pages of the Macmillan Report, but Major Douglas and other monetary reformers have certainly popularised them better than the Text Books and have also pointed to certain implications which tend to be slurried over in more orthodox accounts. (Page 10, line 9.)

I am sure this paragraph must have given the committee much thought in its composition. Major Douglas, I am
certain, would make no claim to being the first man to have discovered the facts, but he is entitled to claim that he published the facts and drew certain conclusions from them in 1918. The facts were certainly contained in textbooks prior to that date—for example, H. D. McLeod’s—but the conclusions from the facts had not, so far as I know, been drawn until Major Douglas’s first publications. To suggest that the Macmillan Committee had any share in pioneering is merely laughable. The phrase “certain implications which tend to be slurred over” is, I think, worth a second thought. Apparently the committee have also “slurred over” them.

THE NATIONALISATION COMPLEX

The Report proceeds, at some length, to consider the Socialist conclusions from these facts regarding our banking system, and it is obvious that the committee’s whole outlook is coloured by the nationalisation complex. There is no suggestion made at all that even if the banks were nationalised the methods used in accounting the public moneys would be changed. The complaint, according to the Socialist outlook, is entirely that such powers are in the hands of private persons or institutions.

That no change of method is contemplated is evident, I think, from the following extract: —

That such great powers—of special significance now that the money system of this country is not tied to others through the Gold Standard—should be exercised by bodies which are legally beyond the control of the Government, is an anachronism as dangerous as it is absurd. (Page 10, line 32.)

I am not at all sure what interpretation is intended to be given to this sentence, but the only conclusion I can come to is that the committee would not see so much harm in the condition described if the Gold Standard was in operation. This shows quite clearly, I think, how much they have misunderstood the true position.

That the committee are suffering from the complex I have suggested is further confirmed by the concern they show over the profits which the Bank of England makes. Pointing out that the profits of the Issue Department fall to the Treasury, they seem to think that so far as the Issue Department is concerned that problem is disposed of; but they also point out that since credit is not less money than cash and bank credit is quantitatively of much more importance there is a strong moral case against the exploitation of credit creation for the purpose of making private profits. (Page 11, line 1.)

All the above shows clearly that the committee have not concerned themselves with the method of issue and cancellation of money, but rather with the titular right to create money and the profits accruing from such right. It is quite fair to suggest that if the committee had their way and the banks were nationalised, the same methods of issuing and retiring money would still be in operation and the essential problem, therefore, would be no nearer a solution.

An admission is made in the Report that expenditure on public works can be carried out only by incurring further debt, thus burdening future taxpayers with interest and sinking fund payments. The Report states: —

Simply because the right of creating new money does not belong to the State, the necessary impetus to recovery cannot be given. (Page 11, line 26.)

One is left wondering how, if the right to create new money belonged to the Labour Party, they would account it. There is nothing in the Report, so far as I am aware, to show that they would account it as anything else but debt, nor that they would not insist on its recovery via taxation. It is true that this point is dealt with to a certain extent on page 32 of the Report, but it is stated that where debt is not repaid out of taxation it is only a temporary expedient and the quantitative issues of such credit will not be large.

Before coming to their criticism of the Social Credit analysis the committee make the following statement: —

It is most unlikely that the full Social Credit proposals could be applied without either producing inflation or making it impossible for the Banks to exist in their present form. (Page 11, line 34.)

This statement is used as an argument for nationalisation. It is quite carefully worded. If we amend the terms of it a little, I think most Social Crediters would agree with it as follows: —

Social Credit proposals cannot be applied within the present money system. They can be applied only in a changed money system and such change involves a change in the policy of the banks and the Treasury.
It is merely childish at this time of day to say the Social Credit methods would cause inflation. Social Credit could not be applied within any system which permits of inflation. The committee of the Labour Party is simply up to the old game of criticising Social Credit in terms of orthodox finance.

The A + B Theorem

The second division of the Report is stated to be a criticism of the Social Credit analysis, and early in this section the A + B Theorem is quoted. This theorem, it is said, is the central argument on which Major Douglas bases his conclusion. I would suggest that this is entirely wrong, and that the A+B Theorem is the method by which Major Douglas illustrates his conclusion. According to the committee of the Labour Party, the suggestion seems to be that one day Major Douglas discovered the A+B Theorem and the rest of the analysis followed. However pretty the mental picture conjured up by such a suggestion, I am afraid that idea must be discarded. The A+B Theorem is merely a condensed method of stating facts which were discovered by independent means. In Major Douglas’s first published book, “Economic Democracy,” the A+B Theorem does not appear.

The committee having decided to deal with the A+B Theorem, it is a pity, to my mind, that they could not quote it correctly in their Report. They state: —

A factory, or other productive organisation, has, besides its economic function as a producer of goods, a financial object. (Page 12, line 34—my italics.)

While it is true that productive organisations have a financial object under the present system, that is precisely what the Social Crediter says is wrong. The correct statement of the A+B Theorem begins by saying: —

A factory, or other productive organisation, has, besides its economic function as a producer of goods, a financial aspect,

which is an entirely different matter.

The Report proceeds to examine the A+B Theorem in its different interpretations. I do not intend to deal with these at length, as they have already, to my mind, been ably dealt with by Mr. A. W. Joseph in a pamphlet called “The A+B Theorem.” Broadly speaking, the Report ignores the facts of accumulation of financial capital and involuntary investment and, therefore, its arguments against the theorem are weak. I will, however, deal with a few of the higher lights in this section of the Report. Under the division headed “Repayment of Bank Loans” the Report says: —

Now it is certainly true that if on balance throughout the whole of industry loans are repaid to the Banks, a deficiency of purchasing power is bound to arise... The question here is simply one of fact. Is there a tendency for the total of Bank loans to diminish? The answer is, that at certain times—during depressions—this is the case, but at other times the total of loans definitely expands. (Page 16, line 5.)

Further on in the Report it is stated: —

Equally, if a firm is voluntarily repaying a loan out of profits, and the Banks do not immediately create another loan to another producer, then again deficiency is bound to arise, but as we have already said, the question here is really one of fact and the facts show no general and chronic tendency for the total of Bank loans to diminish. (Page 17, line 9.)

The argument here is not very clearly stated, but I think it is fair to assume that the committee admit that repayment of bank loans charged into prices and appearing, therefore, as profit, do create a deficiency of purchasing power, but that such deficiency is corrected by the banks issuing further loans to other producers, and, therefore, so long as total bank loans do not show any sign of diminishing, there is no deficiency.

In my opinion, this illustrates the fundamental difference between the views of the committee and the views of the Social Crediter. Social Crediters realise, as the committee apparently does not, that these further bank loans to other producers have got to be repaid, and, therefore, do not correct the admitted deficiency—they merely postpone it. The committee evidently do not see that bank loans repaid may undergo a metamorphosis and become securities or reserves which still remain a charge against the ultimate consumer.

It is surely obvious that industrial debt and national debt, requiring ultimately to be met and forming a charge
against the consumers (admittedly unpayable under the present system), are not to be measured by the increase in
bank loans. While bank loans have on balance probably diminished since 1920, Government, municipal, and
industrial debt has increased in fantastic proportions. The committee’s failure to see this arises from the fact that they
ignore accumulations of financial capital in considering the A+B Theorem.

A little later in the Report it is stated: —

It is, in fact, the policy of the Labour Party to stabilise prices; and prices can only be stabilised, when
production is increasing, if there is an adequate increase in the quantity of money. (Page 17, line 38.)

It seems to be clear from this statement that the committee look on stabilisation as having some miraculous quality,
and it is also clear that they regard the volume of money as being something which should control prices—which
again goes to show that they have not understood the principal Social Credit contention, which is that the money
system must no longer be used to control prices through the so-called law of supply and demand. Prices should be
controlled by the real cost of production.

THE ILLUSIVE INVESTMENT

In three paragraphs under the sub-heading of “Investment,” the committee go on to record their criticism of an
aspect of the deficiency. They record the views of the Social Crediter in the following terms: —

The act of saving withdraws money from the market for finished commodities and makes it impossible to sell
a part of the product. The money which is saved is invested and paid out eventually in wages, and so passes into
consumers’ income; but in the meanwhile, it is argued, the process of investment has led to the production of
new capital goods and there is no purchasing power available to purchase these. (Page 18, line 15.)

The above statement of the Social Credit case is a reasonably fair one, but it does emphasise the problem as if it
was entirely one of individual consumers or workers saving actual cash from their incomes and buying new
investments. It ignores, or at any rate does not make it clear, that the processes of saving and investing are going on
all through the industrial system and are being carried on by producers of all kinds in the form of reserves and
undistributed profits.

The Report goes on to say that the above-stated argument is quite unsound, for the reason that if investment takes
place concurrently with saving the deficiency caused by the saving is balanced by the money spent on the investment.

It is true that if saving increases, some finished commodities cannot be sold at their old prices, but at the same
time some investment goods, machinery, buildings, raw materials, etc., will be sold at more than cost prices.
There will be depression in certain industries and boom in others; less money will be distributed in some, and
more in others. Consumers’ income as a whole will be unchanged. (Page 18, line 36.)

One is left wondering what on earth the committee meant when they wrote this. Investment goods, machinery,
buildings, raw materials, etc., are not sold in the sense that their costs are defrayed. They are merely transferred from
one ownership to another, the financial costs attaching to them still remaining to be defrayed by the only person who
can defray costs, namely, the consumer.

The following quotation, I think, shows clearly the wrong ideas on which the committee are working. It occurs
shortly after the previously quoted extract: —

As the new capital goods are produced, they will continue to be bought by the savings of consumers. They
will then be used in production. This will lead to an increase in the output of industry. If there is to be no fall in
prices, it is necessary that the quantity of purchasing power and the incomes of consumers should now be
increased. This is, of course, implicit in the Labour Party policy of stabilising prices. A failure to increase
purchasing power at this point might be said to constitute a deficiency; but it is certain that this is not the main
deficiency to which Major Douglas refers. (Page 19, line 12.)

This extract is, I think, worth a little careful study. Take the first sentence. The suggestion that new capital goods
are bought by the savings of consumers is nonsense if it is intended to suggest, as I think it quite clearly is, that the
costs incurred in making these new capital goods are thereby wiped out. If new capital goods are paid for by the
savings of consumers, the consumers who did pay for them are now investors holding shares, mortgages, or
debentures, in the form of scrip. They look to this scrip to bring them a return in the way of income and ultimately to repay to them the money originally paid for the scrip. If consumers, as a whole, have invested in capital goods, then they can only look to themselves as the source out of which their dividends are to come and out of which their capital is to be repaid to them.

Consider the sentence above, beginning “If there is to be no fall in prices.” This again shows quite clearly that the committee of the Labour Party think that the volume of money should control price.

One can only assume from the next sentence that the official Labour Party policy of stabilisation recognises that in these circumstances there would be a deficiency of purchasing power and that they have a remedy for such deficiency. This remedy can take only one of two forms. It can take the form of encouraging still further increased production of capital goods, or it can take the form of distributing free credit either to the consumer or to the producer for reduction of prices.

There seems to be no doubt whatever which of the above two forms would be adopted by the Labour Party. It must be the former, through which schemes of public works or the encouragement of production of still further capital goods would provide an agency by means of which an increased total volume of wages would serve the purpose of preventing too severe a fall in the prices of finished goods.

**Stationary Equilibrium?**

The committee’s arguments under the heading of “Depreciation” are a re-hash of the old argument that while depreciation is being charged on one factory, there would, or should, be another factory in the process of erection, the wages paid on the construction of which would meet the depreciation charged on the first factory. It is merely another aspect of the argument about industry being in a state described by Professor Robbins as “Stationary Equilibrium,” or, if one prefers it, “A steady state of self-repeating movement.”

The argument takes no account whatever of the fact that although a factory may take only one year to build, it may take fifty years to wear out, and seeing such an argument in print, or listening to it in conversation, has always conjured up a vision before my eyes in which the erection of the second factory is carefully scheduled to take fifty years to build, in order that the money distributed in course of its erection will correspond to the depreciation charged on factory number one.

**Subtlety**

The opponents of Social Credit have often said, as indeed the Labour Party’s Report suggests, that Major Douglas in his writings is very obscure. What, then, are we to make of the clarity of the following extract from the Report? —

A more subtle form of this argument maintains that the actual changeover from labour to machines causes a diminution of the actual monetary circulation. Since cost reduction, it is maintained, is the stimulus to replace labour with machines, the new costs will be less than the old, and hence the amount of money used by industry will be less. There are doubtless occasions when this will be so, but it seems equally probable that since the reduction of costs offers the prospect of higher profits, more, rather than less, will be borrowed by industry. Because a firm reduces its unit costs, it does not necessarily reduce the total amount which it spends, i.e., its aggregate costs. (Page 20, line 25)

The last sentence in the above extract is, of course, a clear statement of fact, but what the meaning, or intention, of the paragraph as a whole is, I must confess I do not know. Presumably this “subtle form of the argument” is being fathered on to the Social Credit movement, but Social Crediters will have no hesitation in disowning it.

**Labour Saving**

This particular section of the Report finishes up by saying that “the real objection to the replacement of labour by machinery” is that it “generally throws certain workers out of employment,” and that:

in any case it continually tends to reduce the relative share of labour in the product and increase the share of capital. (Page 20, line 40.)

The Social Credit proposal, as we all know, is to give every citizen of the country a share in the capital of the
country in the form of a National Dividend, or, if you like to look on it in that way, to make everybody a capitalist. But the Labour Party committee say: —

The method of dealing with this evil is not monetary policy, but Socialism. The community must, itself, own the machines. (Page 20, line 41.)

It is evident, therefore, that the committee are still unable to distinguish between titular ownership and administration.

Incidentally, no Social Crediter has any objection, real or fancied, to the displacement of labour by machinery, but, on the contrary, welcomes it.

WHEN DOCTORS DIFFER

The third section of the Report is devoted to a consideration of the Social Credit cure, and the Report admits that this cure follows, for the most part, quite logically from the analysis. It is therefore rather extraordinary that, having to their mind completely disposed of the analysis, they should be at any trouble at all to deal with the cure. However, actually almost seven pages of the Report concern themselves with exposing the “fallacies” of the cure.

This particular aspect of the matter is dealt with by the committee in the following terms: —

Before proceeding to consider this scheme, we must emphasise that disagreement with Major Douglas’s analysis is not in itself an adequate reason for rejecting his proposals entirely. It has already been pointed out that at a time when resources are not fully employed an increase in the quantity of money is required. Major Douglas does, in fact, suggest one way by which this might be provided. It remains to be seen how far this is the best way, and also how far the Social Credit proposals can secure not only the achievement but also the maintenance of a high level of production. (Page 22, line 1.)

The above paragraph confirms my previous contention that the committee had, at the back of their mind, some faint hope or fear—whichever way you like to put it—that the Social Credit proposals might possibly be operated within the present system. Having failed altogether to consider in any adequate way the basis on which the Social Credit proposals are founded, the committee naturally adopt the above outlook. If the committee had really examined the basic ideas which are fundamental to the Social Credit proposals, and rejected them, then there would have been no necessity whatever for them to deal with the remedial proposals at all.

The Social Credit proposals fall under three heads: —

(1) The setting up of a National Credit Account:
This proposal is based on a conception of Real Credit.

(2) The compensated price, sometimes referred to as the just price, or the national discount:
This is based on the axiom that the real cost of production is consumption, together with a realisation of the uses to which financial credit can be put.

(3) The issue of a National Dividend:
This is based on the previous conceptions together with a realisation of the part played in production by what is called “The Cultural Inheritance.”

The astonishing thing about the whole Report is that nowhere in it is there any sign that the committee have considered either: —

(a) The distinction between Real Credit and Financial Credit.

(b) The axiom that the real cost of production is consumption, or

(c) The idea of The Cultural Inheritance.

Nowhere in the Report are any of these three things mentioned, and yet, as I have said, these three things are the fundamentals of Social Credit.
With regard to (b), namely, the axiom that the real cost of production is consumption, it is not surprising that the Labour Party committee do not deal with this, because, so far as I know, no critic of Social Credit has ever dealt with this. They have all considered it much wiser to ignore it.

**STRANGE SILENCE**

Assuming, for the moment, that the present money system works as the committee seem to think it does: —

In any one year let us suppose that the financial figures attaching themselves to the total production of the country are as follow: —

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<td><strong>Total production</strong></td>
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Then, presumably, the committee’s conception of what happens is that people as a whole get £4,000 millions, out of which they spend £3,000 and invest £1,000. The question is, have the community been fairly charged?

If it is true that the real cost of production is consumption, then the real cost of the year’s production is only £3,000 million, not £4,000 million, and the correct price at which the £3,000 million of consumable goods should have been charged was—£3,000 x --------- or—£2,250

4,000

million ; so that on a question which suggests that the community as a whole are possibly being overcharged £750 million per annum, the Report is curiously silent.

**THE DIVIDEND**

The section of the Report which deals with the National Dividend is very small. Its value as effective criticism is even smaller. Reference in it is made to the Draft Scheme for Scotland* which should, at any rate, suggest that the committee have studied that scheme. On the other hand, the paragraph goes on to suggest that it is proposed to distribute purchasing power equal to the total capital value of all assets.


There is, of course, no such proposal in the Draft Scheme for Scotland. The initial National Dividend in the scheme is suggested at one per cent, of such capitalised value, so that to the mind of the committee one per cent must be equal to the total. This short paragraph on the National Dividend illustrates also the previous contention that the committee have made no study whatever of the question of Real Credit and Financial Credit. The following extract will make this clear: —

An obvious fallacy here lies in the fact that Major Douglas appears always to include the capitalised value of all assets in his estimate of production, and even goes the length of capitalising the productive capacity of individuals. (Page 27, line 38.)

What the significance of the words “estimate of production” is, in the above sentence, is one which I am not quite able to solve. If it is an estimate of real resources up to date, then that is one matter: if the committee are suggesting that it is an estimate of increase annually, then, of course, that is another matter altogether. To illustrate the real worth of the committee’s statement, I would refer the reader to the Scheme for Scotland: “From the Grand Total thus obtained’ ’ (valuation in money of physical assets plus population) “a figure representing the price value of the Scottish Capital Account could be obtained.” By some peculiar means the committee translate “the price value of the Scottish Capital Account into “estimate of production.”

**THE ONLY WAY**

The last section of the Report deals with what it calls “The Real Solution.” It is quite clear that to the mind of the committee no change in the financial system is required, so that from one point of view further comment on this section should be unnecessary. There are, however, some highlights which might be dealt with: —
Extract (1)—

By varying the lending policies of the Banks and thus the volume of money, it should be possible to increase very considerably the volume of output. (Page 28, line 24.)

Again is illustrated the conception that money and the volume of money is to control production.

Extract (2)—immediately following Extract (1)—

The standard of living could be made to rise slowly but steadily as the real productive power of society grew larger. (Page 28, line 26.)

Earlier in the Report the proportion of unemployed resources is stated at 30 per cent, so that it seems rather extraordinary to suggest that the standard of living requires only to rise slowly but steadily. One would think that a 30 per cent, increase at least would be due immediately.

Extract (3)—

In the view of the Labour Party, the course of capitalist depression is characterised by a deficiency of purchasing power at certain times, and an excess of purchasing power at others. (Page 28, line 30.)

Here, presumably, the committee are referring to purchasing power as against consumable goods.

Extract (4)—

Only money in active circulation provides a market for production and increases employment. One method, and again a perfectly orthodox one, of intensifying the activity of monetary circulation is for the Government to spend more money on capital account. (Page 30, line 33.)

The above illustrates the committee’s belief in the velocity of circulation theory which, of course, is involved in their acceptance of control of price by the volume of money. The extract also illustrates what I have suggested earlier as the method the committee advocate of making good the deficiency which they see as between money and prices. The method, of course, is merely to “borrow yourself out of debt.” The extract also shows that the committee think the objective of industry is to provide employment.

Extract (5)—

No doubt there is room for further capital expenditure on housing, but it should always be accompanied by the kind of investment in productive industry which will provide continuous employment at higher real wages. The real social income must be increased. . . It is not possible to persuade industry to borrow more when it is in the throes of acute depression. (Page 31, line 15.)

This extract again illustrates the previous statement that the committee think that the objective of the industrial system is employment. What real wages are, and what the real social income is, is perhaps a little doubtful, but there is a suggestion at any rate that it is only real if it is the result of work. The last sentence is, I think, of special significance.

Extract (6)—

This method, however, in so far as it involves an unbalanced budget, is not in accord with the Labour Party’s official policy. (Page 32, line 5.)

So now Mr. Montagu Norman and his friends can sleep soundly at nights. Their pretty little financial system is in no danger from the official Labour Party.

At this point, one might pose a genuinely orthodox conundrum: —

Query: When is an unbalanced budget not an unbalanced budget?

Answer: When the expenditure on public works is funded.
Illustration: If your football team gets beaten by four goals to two, the simple remedy is to fund three of your opponent’s goals, in which case your team has won by 2--1, and for the next three years you start the match a goal down.

This illustration, of course, is given strictly within the orthodox framework of present-day finance.

*Extract (7)*—dealing with a suggestion made by Mr. Thomas Johnston in connection with applying new creations of credit to reduce the price of certain commodities for supply to the poor—

The difficulty about such policies is purely psychological. They could, and would, be represented by the opponents of financial control as dangerously inflationary. They are nothing of the kind. They differ in no important economic respect from the most orthodox methods of financial reflation, but they could be misrepresented. (Page 33, line 2.)

Apart from the somewhat loose phraseology of the above—for example, “differing in no important economic respect from methods of financial reflation”—it seems to me that the committee have, when they recorded this statement, come nearer the truth of the matter than in the whole of the rest of the Report. In view of this, it is a pity that they chose to ignore the fact that their own difficulty with the Social Credit proposals is purely psychological, too. They see in prospect, opposition to a particular aspect of their own ideas of precisely the same nature as their own opposition to the Social Credit idea. Whether such opposition is the result of an honest failure to grasp the proposals or not I leave to each individual reader of the Report.

*Extract (8)*—

It will be necessary for the Government through the machinery of central economic and financial authorities to control the lending policies of the Banks, the money income of the community, the volume of saving and the volume of expenditure. It can do these things most easily if it owns all industries. (Page 34, line 2.)

So now we know. Here is the picture of the ideal Socialist state. Studying the extract slowly again, one is tempted to add—“and it can do these things more easily still if it owns all the population.”

**THIRTEEN YEARS’ PROGRESS**

It remains now only to consider the Report in relation to the previous Labour Party Report, which was published in 1922, and to which Major Douglas made an official reply* published shortly afterwards.

* “These Present Discontents: The Labour Party and Social Credit” (Social Credit Secretariat Limited, is.).

It is interesting to note that the first Report by the Labour Party has been allowed to go out of print and is no longer available to the ordinary public, but presumably it was available to the present sub-committee of three. One would imagine, therefore, that the committee, in making this present Report, would have consulted the earlier one and also Major Douglas’s reply.

In his reply to the first Report, Major Douglas laid down the four premises from which the first Labour Report proceeded, as follow: —

1. That financial credit is a concrete thing conditioned by limitations inherent in itself.
2. That banks and bankers cannot and do not create financial credit.
3. That the price of an article should be what it will fetch.
4. That the objective of the industrial system is employment.

These were the premises from which the 1922 Report proceeded. Does the 1935 Report show any alteration in these premises? The answer is that the present Report admits that banks and bankers can and do create financial credit. It has to admit that, because it has been proved; but obviously the implications of such an admission have been ignored.

For all practical purposes, therefore, the premises from which the 1935 Report proceeds are the same as the
premises from which the 1922 Report proceeded.

In his reply to the earlier Report, Major Douglas laid down the premises of the Social Credit movement as follows:—

(1) That financial credit is a mere device which can have no economic significance apart from real credit.

(2) That banks and bankers can and do create financial credit, and by successful manipulation appropriate the power resident in the real credit of the community for purposes largely anti-social as well as purely selfish.

(3) That the price of an article should be that which will get it produced and delivered in the maximum quantity desired.

(4) That the objective of the industrial system should be the delivery of goods and services to the orders of individual consumers. It should not be employment, nor is it a common aspiration of the community that it should be designed to place any individuals whatever, either high financiers or members of the Labour Party Executive (however great their moral and intellectual qualifications may be), in a position to arbitrate on what is, or is not, useful work, and to withhold a share in economic prosperity from “non-workers” as thus arbitrarily defined.

The Labour Party committee, therefore had this statement of the premises of the Social Credit movement before them for their consideration, and I leave to each individual reader of the Report the question as to how far the committee have studied these premises, and to what extent they have attempted to shake them.

Imagine that some person put forward for your consideration certain proposals. Would not your first questions be:

(a) “What are you trying to achieve, and why?”

(b) “Are the proposals you suggest going to achieve your object?”

These questions show what might be called a commonsense attitude to any proposals of any kind.

The question for the reader’s consideration is—“Have the committee of the Labour Party, before rushing in to criticise the methods to be employed, made any attempt to find out what the Social Credit Movement is trying to achieve, and why?”

The pronouncements of the Labour Party on Social Credit will, therefore, in my opinion, never be of any great value until they will make a pronouncement upon the aims of Social Credit as distinct from the methods advocated. However efficient the engine of a motorcar may be, it is not of much value if the bonnet is aiming in the wrong direction.

CONCLUSION

In conclusion, I would draw the attention of the reader to the correspondence which passed between the Labour Party and the Social Credit Movement both in connection with the previous Report and in connection with the present Report.

The committee state: —

We were anxious to have the assistance of recognised supporters of these proposals in exploring how far they might be harmonised with Socialist belief and policy. We accordingly approached the Social Credit Secretariat with an invitation to nominate a representative who would be willing to meet us for a discussion of matters in which we were mutually interested . . . . We explained that we made no claim to be an impartial committee in the sense of having no attachments, that we were, in fact, convinced Socialists . . . We emphasised our desire to explore the possibilities of partial agreement between the Labour Party and the Social Credit Movement.

The above extracts and other statements of a similar nature included in the Preface to the Report show that the committee were trying to make their position clear. This is quite understandable when one considers who the committee were, but I do not think that the arguments put forward dispose of the particular aspect of the matter which I have dealt with above, and the Social Credit Secretariat, quite naturally, declined the invitation. Somewhat the same
position was disclosed in the 1921 correspondence, with the exception that no points of agreement were alleged to exist then.

I think, on the whole, that the truth of the matter is that the official Labour Party has never clearly stated the premises on which it takes its stand, what it is trying to achieve, and the methods by which it hopes to achieve it. It has, more or less, confined itself in its publications to questions of administration as opposed to questions of policy, and to questions of morals—that is to say, expressions as to things being right or wrong—as opposed to questions as to whether things are workable or not workable. In this sense the official Labour Party, it seems to me, are more concerned with making individuals “good” than with making them free.

Orthodox Socialism would suggest that only a limited number of individuals can be free and that these can obtain their freedom only at the expense of others. The Social Credit Movement, on the other hand, suggests that it is now possible to grant individual economic freedom to all, and that such individual economic freedom is socially desirable.

Accidental Reflections

By LLEWELYN POWYS

The other day a friend, knowing well the hedonistic temper of my mind, thought to gratify me by copying out two quotations from a much-acclaimed anthology of Mr. E. V. Lucas. Both the selected quotations I found discouraging. The first, a prose passage taken from a Cornish journal, had for its subject a parson visiting a country squire on his deathbed. “You are going to a better world,” said the parson. “I don’t want no better world. With my white-faced mare and a thousand a year I don’t want no better world. Her’d go over gates one arter t’other—tip-tip-tip.” The quotation obviously possesses a popular appeal, but my quarrel with it is possibly more based upon moral than upon literary principles, first for seeming to confuse happiness on earth with material prosperity, and secondly for its suggestion that the squire’s chief pleasure had been derived from foxhunting, a gross form of animal enjoyment unworthy of any well-descended spirit.

The other quotation was a poem written in celebration of the month of May from the works of Francis Thompson, a poem that appeared to me to be meretricious, a poem deriving from the Pre-Raphaelite school at its feeblest, a pretty poem, exactly adapted to serve as a sublimation for the suppressions of those conventional people whose unconscious death-dreads keep them for ever skimming over the surface of the river of existence, with as much lively agility as is displayed by those little creatures of our streams called water-boatmen. The poem begins in this way:

“Through meadow-ways as I did tread,
The corn grew in great lustihead,
And hey! the beeches burgeoned—
By Godde’s fay, by Godde’s fay!
It is the month, the jolly month,
It is the jolly month of May.”

I tried for my own satisfaction to analyse exactly the reason for its failure to please me and concluded that as an artificial travesty it did some subtle outrage to that rich store of English poetry associated with this matchless month of Eros from the age of Chaucer down to that of our own country songs, which so often open with the words, “As I went out on May morning, one May morning early.” In what must have appeared to my friend as a captious letter I attempted to explain how it comes about that outspokenness is so essential to sound writing. I quoted these words from Malory’s wonderful apostrophe: “For it gyveth unto al lovers courage, that lusty moneth of May . . . For themne alle herbes and trees renewen a man and woman”; and then in order to add an improved point to my contention ended my letter with these sturdy lines from the Miller’s story in the Canterbury Tales, which portray with such wide poetic vigour the lust of a man for a woman:

“Wyl that hir housbond was at Oseneye,
As clerkes ben ful subtile and ful queynte;
And prively he caughte hir by the queynte,
And seyde, ‘y-wis, but if ich have my wille,
For derne love of thee, lemmen, I spille.’
And heeld hir harde by the haunche-bones,
And seyde ‘lemman, love me al at-ones,
Or I wol dyen, also god me save!’”

My correspondent was quick to appreciate this “natural and healthy and powerful passage,” but qualified his approval by saying that he would regard the same quotation “if written in modern phraseology as bad taste.” Our discussion came to an end with this, but the reservation provoked my own mind to other accidental reflections.

It seems to me that two forms of taste are every day being confused, the one dictated by the modes of contemporary society and the other by the categorical discriminations of permanent aesthetic values; the one provincial and relative, the other universal and absolute. Serious people for whom ideas “possess hands and feet” give their allegiance to the wider “common aesthetic,” whereas the majority of those with a developed social sense remain, at every chance, defensive of the prevailing codes of the day, as often as not claiming for these codes supernatural sanctions. People of this kind, whose more genuine commitments are involved in the passing show of every-day life, are inclined to feel ill at ease in any discussion that becomes interesting and free, and this accounts for the nervous civil censorships that are everywhere imposed in the polite circles of English middle-class society. In cultured gatherings the written word and the spoken word are treated always with the greatest possible respect and are allowed to convey human benefits without any obstructing inhibitions. No topic in conversation among civilised and mature people should be regarded as unsuitable, just as in poetry there exists no word abstruse, vulgar, religious or obscene that may not in some particular case be used with perfect propriety.

It has been man’s constant endeavour to invent thought-screens for the protection of his social life from the chilling winds of eternity. Certain poets and artists and other independent thinkers get themselves into trouble because they persistently try to look on the other side of these artful draught protections. Objective and subjective idealists do the same thing but are exonerated because of the diligence they display in encouraging those illusions of self-importance so precious to the vanity of the human race, illusions which constitute one of our gravest temperamental weaknesses and the indulgence of which has had so disastrous an influence on our approach to life.

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The Leisure State—A Criticism

By Eric Gill

The conditions of industrial employment admirably depicted with comic exaggerations in Charlie Chaplin’s film “Modern Times,” are such that what is now called “the leisure state” seems not only the desirable but the inevitable
conclusion of industrialism. Looking at the thing from the point of view of those who profit by it, and from that of those who enjoy the gadgets and conveniences which it produces in such multitudinous variety, the only thing wrong with it seems to be mal-distribution, and the wars, economic and military, which the present financial arrangements make inevitable. It seems clear that, assuming the goodness of the product, there is nothing wrong in our world but the misery of unemployment (that is to say, leisure without the means of enjoying it) and the poverty of many in the midst of plenty.

And assuming that the solution offered by Social Credit is right and practicable, it seems clear that all just men must accept that solution and work for it.

It will not perhaps be out of place, however, in this first number of the new quarterly, if the assumption above referred to be enquired into. The assumption is that the products of mechanised industry are good; and ultimately that must mean good for those who use them. This is a world of men and women; that fact must be constantly in our minds, not merely not forgotten but constantly remembered. The famous saying of Corbusier: “A house is a machine to live in” must be criticised in its human applications.

Let us take the common statement of those enthusiasts who support our industrialism, that their aim is so to arrange things that all necessary things shall be made by machinery, so that man may be free for “higher things.” It is argued that if machine industry were properly organised, both technically and financially, the hours of labour might be reduced not only very considerably but perhaps to as little as a few hours per week per man; and that this labour would then be undertaken willingly as a kind of patriotic duty, just as many munition workers worked during the stress of the last war.

Now what are these necessary things? It is obvious that in a general way they may be said to be food, clothing, shelter and furniture. And, it may be added, amusement is a necessity, and so this also must be included in the things to be provided mechanically. But whether or no we include amusements, we are generally agreed about the other things. And the assumption is that suitable kinds of food, clothing, furniture and shelter can be produced mechanically suitable, that is to say suitable for men and women. There are then two things to be considered:

1. Are the products of machinery really suitable for human beings?

2. Whether there are in fact for human beings any higher things than those which are necessary. For it is clear when we consider man’s history, however briefly and with whatever meagre apparatus of knowledge, that up to the present, that is to say up to the industrial revolution, it is precisely the things necessary to him upon which he has expended all his love and imagination and tenderness. We might go so far as to say that tenderness is of all his virtues the most characteristically human. And it has been upon the making of what he needed that man has chiefly shown his nature.

It matters little which category we examine. Take, for instance, even the lowly business of food production, and consider the love and care of which the arts of agriculture and of the kitchen have been the occasion. It may sound sentimental to our town and factory populations, but it is true to say that even bread may be holy or unholy, and therefore human or inhuman. And when we consider the high art of architecture, it seems obvious that the house is only a machine to live in, if the word “machine” be used as a purely fanciful and literary conceit.

It is all very well under the stress of wartime, and the immediate need of millions of bombs, to organise the mechanical production of munitions. The bomb is an inhuman contrivance anyway, and might therefore just as well be made mechanically. Indeed it were better so made. But houses, town halls and churches are not munitions of war. Why then should we think it suitable that they should be made as if they were a kind of bomb? And does it really improve the operating-theatre house that it has upon its walls photographic reproductions of "old masters" or even modern ones? Does it really improve the machine-made hat that mother ties a machine-made ribbon round it?

This is obviously a question which cannot be dealt with in a few lines. It reaches into every detail of human life. But at least it seems desirable, when we consider the financial tyranny under which we at present live and labour, that in our enthusiasm for financial rationality we do not lose sight of man’s nature. Perhaps we have already too far lost sight of it. Perhaps what I am writing will seem to the majority of town dwellers reading this in their tubes merely fantastic nonsense. What is wrong with the tube, they will say. What is wrong with my machine-printed newspaper? What is wrong with the machine-made cloth of my "fifty shilling" suit and with the aniline dyes which adorn my natty tie so that it goes with my equally natty socks? What is wrong with electric light? And is it not incredibly
foolish of that moribund institution called the Roman Catholic Church to refuse to have anything but beeswax candles on its altars and to look with distaste upon machine-made vestments?

But whether or no at first glance all this seems to be nonsense, it will at least be worth consideration and eventually need refutation. The dilemma is a real one, because human nature is such and such and not otherwise. Man is not a machine, and he can rest only in that which is in accord with his nature. Wartime is one thing and the things of war; but it is at least doubtful whether the conditions of human life are such that even in peace men must proceed as if they were at war. For this frame of mind in which we say that poverty and scarcity can be abolished only by the mass production of necessities is a wartime frame of mind. It is a kind of panic, and it is doubtful whether the implications can find historical support.

Moreover, we must never forget the historical origins of our industrialism. There is no justification for kidding ourselves that the origins of our machine industry were the enthusiasm and kindness of heart of manufacturers endeavouring to supply a starving world with the necessaries of life.

At any rate, these questions need debate. And it will not be sufficient for the advocates of Social Credit merely to prove their financial rationality. It will also be necessary for them to say that the world they envisage will be a human world, and not one which merely perpetuates and rationalises the inhumanity of the present.

The Leisure State—A Reply

By MILES HYATT

I have no quarrel with Mr. Gill. We both want the same thing—the most human life possible for human beings. Nor do I think we differ much in what that life is. It is certainly not idleness enlivened by the intermittent consumption of canned goods and music, leaving behind no monument save “the asphalt road and a thousand lost golf balls.”

But Mr. Gill does not realise that the kind of life we both desire, and any other kind of life that other individuals with different tastes desire also, is possible of fulfilment under Social Credit only. It is a plain fact that only Social Credit offers men complete freedom to order their lives as they choose, without reference to a superimposed system. The inevitable alternative to Social Credit is a slave System of one kind or another—the simplest and most venomous that of Money—which must end either in complete chaos or the final reduction of human personality to mechanical servility.

Under the present financial order, Mr. Gill, be he never so rich and free in his own person, cannot hope to escape from ugliness and limitations. Even supposing he fled with others like-minded to the remote Bermudas (and succeeded in getting a passport, permission to land, exemption from income-tax, initial supplies of materials in the shape of tools and something to eat and wear during the first year, all without entailing a money-bond of any kind), his island-society would at once become a sphere of influence and a market, and be either attached to some giant financial organisation or blown out of the water by a cruiser. This last fate would almost certainly befall it in time of war.

In a Social Credit society Mr. Gill would find no limitations other than those of physical possibility. He would be perfectly free to collect around him any group of people with similar views and set up any kind of community he desired, wherever he wished. It would be quite unnecessary to leave England to do it. Mr. Chesterton* might rally his Distributists with one short, sharp blast in the Editorial of his Weekly and roar away to Sussex, there to pull down the shutters of the corner-shops and delight the soul of every rollicking English publican. We should have Montague Fordham able to stride gleefully through the Chilterns, explaining, if my halting intellect has not in some way misinterpreted him, that the end of production was not consumption, but satisfaction, and getting no end of satisfaction out of it. Maynard Keynes himself, even if he never really managed to grasp the theory, would still in practice discover that it was possible, in company with Professor Gregory, Sir Josiah Stamp and the entire academic staff of the London School of Economics, to amble down to some pleasant corner of Cambridge, where the propensity to consume might continue to wax and wane with the lunatic persistence of a marshlight.

* G. K. died on June 14. We shall all remember with respect and affection one whose life was spent in the cause of individual freedom.

I am not one of those who hate the machine itself, but I wish it to be my servant, not master. As Mr. Gill properly asserts, the humble art of cooking is as much a craft as that of architecture, from the subjective angle of the cook; and
even considered objectively, sixty thousand persons who admire a well-built cathedral are not relatively of more importance than six who enjoy a well-cooked chicken. I like making tea for myself, and for anyone else who will let me. Nothing short of financial compulsion will reconcile me to that never-to-be-abided abomination of mass-production, tea from an urn. Even so, there still remains the washing-up, and the conditions under which the kettle boils.

Frankly, I prefer washing-up, washing-down, and also the washing itself, to be done by a machine. I feel that these things, as crafts, like cleaning out sewers and dustbins, may have their devotees, but not many. Most cooks admit to preference for an electric cooker in a well fitted Kitchen, rather than a heap of damp twigs in a cave. It is by no means probable that the making of electric cookers efficient in practice appeals to many as a possible craft—though the designing of them very decidedly is one. Certain things, the sordid and mechanical jobs of life, can best be done by machines, leaving human capacity free for the more creative and satisfying aspects of work; and it is usually better that the tools also be machine-made, except in the case of a musician composing on a Strad.

Social Credit would allow a man to decide for himself what he preferred to make and to have made by people, and what he could best leave to mass production. The opposite is true of the present financial tyranny. Sordid and unskilled jobs are the most common, and in fact are often artificially created to keep the unemployed occupied, whereas human craftsmanship of every kind has almost disappeared. Things made with loving care by the mind and hand of a man take time; and time, we are told, is money.

Money, we know, is invested in machines, not in hands or minds.

Unemployment as an Industry
A Survey of the Occupational Clubs

By ROBERT HENDERSON-BEGG, M.A.

SINCE the Government delineated certain tracts of the country as “Depressed Areas,” and appointed for them Special Commissioners, the unemployed have not been so much in the news. No doubt it has been felt that at last action is being taken, and that there is no need for further concern. This attitude has been strengthened by the present “rising tide of employment” that our National Government publicity agents are so anxious to advertise. This being so, it is well that we should remind ourselves of the continued existence (under duress) of the unemployed, and find out exactly what is being done for them.

In all the areas that are experiencing varying degrees of “depression” the Occupational Club Movement is one of considerable importance, and is well worth a little serious consideration. According to the statistics published by the National Council of Social Service, to which I shall frequently refer, dealing with the position up to March 31, 1935, there are 1,334 of these clubs, with a total membership of almost 158,000—to be exact, only 19 short of that figure. The clubs are controlled by 21 regional organisations, 19 in England, and one each in Wales and Scotland. The regional organisations, and frequently the clubs themselves, are managed by self-elected groups of local worthies (and often include at least one local banker) more “community conscious” than their neighbours, who frame rules to govern the behaviour of the men, and decide how the money available is to be spent. Some of this money comes from the pockets of the unemployed men themselves, being raised in the form of subscriptions, usually at the rate of a penny a week. From January 1, 1933, to March 31, 1935, nearly $20,000 was raised in this way, but it is a small part in the total income of these clubs, namely, £358,000, which includes grants of £25,000 from the National Council of Social Service as well as voluntary funds from other sources, but during the same period, the National Council has administered £188,246 4s. 3d. for the benefit of the clubs from its own money and from Government grants, and a great deal of this has gone, not to the clubs and so to the unemployed themselves, who are in the greatest need of money to spend, but to support a growing army of employees in what is rapidly becoming a new national industry. And since March 31, 1935, the number of these must have increased considerably, owing to the Government funds which have become available under the Special Areas schemes. These camp followers of unemployment include club leaders, craft instructors, physical training instructors, music and drama experts, regional and local secretaries and so on, who are occasionally, but very infrequently, drawn from the ranks of the unemployed workers themselves. So rapid has been the increase in their numbers that it is quite possible to envisage a situation arising in which they form a new vested interest.
In the supervising of unemployed clubs great care is taken that money does not come into the hands of the members. For instance, in the carpentry workshop it must be understood that the chair being made by one of the members is going to be used in his own home or in the club, and will not be sold on the quiet for “financial profit.” In any case there would not be much of this profit, as the man will have to pay a certain amount for his materials. Again, in the cobbiling department, the member may be questioned as to whether the pair of shoes he has brought to repair is his own, or belongs to a member of his family. If the work is done for someone else, for “financial profit,” it will presumably throw some cobbler out of employment who by his unemployment may affect someone else; and so, like the music, it goes “round and round.”

Following the lead of the Lincoln Peoples’ Service Club, much valuable work has been done for the community, though only in such cases where the local business firms and the trades union branches have been satisfied that no money would be forthcoming for the work to be done by paid labour. Thus playgrounds, playing fields, swimming baths, have been constructed, articles for hospitals have been made, waste land has been reclaimed, and nursery schools have been altered and equipped. In fact it has been brought to light that on every hand work is crying to be done, but there is not enough money available. We’ve got the work, we’ve got the men, but we’ve not got the money.

One criticism of occupational clubs that has come to me, curiously enough through a communist organisation, is that they tend to break up the home. Occupation and amusement are provided for the husband, while the wife has to continue the struggle to make ends meet at home. A few clubs admit women as well as men, but in these cases they are usually kept separate, i.e., they are not really “mixed” clubs. There are also some clubs for women, but these are generally for unemployed women workers and are situated in the cotton areas. Indeed, as concerns grants made to clubs from the fund of the Ministry of Labour (and administered by the National Council of Social Service) “the wife of an unemployed man is not, as such, regarded as unemployed.” However, this ruling has not, fortunately, been generally followed in the administering of funds by the Special Areas Commissioners.

Some Government money has in the past been forthcoming for the purpose of summer camps for the unemployed, usually in connection with the clubs and their regional organisations, but sometimes arranged independently, as by the Universities Council for Unemployed Camps, a movement which originated in a Cambridge theological college. However, there is no longer so much financial support for these coming from official quarters, unless they include some “occupational training.” This phrase does not mean that the men must be taught a trade at camp. That is far from being the case. It only means that they must be kept working, so that the authorities may feel satisfied that at least in some measure they are working for their living. This is in spite of the fact that they have to make considerable contributions from their relief money towards the cost of the camp, and the work done must be strictly of a useless character. In this last respect they differ from the notorious Civilian Conservation Camps of the United States, a glimpse of which may be seen at your local news cinema, in a film entitled, if my memory does not fail me, “The March of Time, No. 7.” These camps are also open to the charge of breaking up the home, though probably few wives of unemployed men are averse to getting their husbands out of the house for a ten-day period. However, in Scotland, at least, the idea of family camps has been tried with apparent success, though it does not seem to have been universally adopted.

It now remains to be seen what permanent value there is in these organisations, in circumstances in which men without work will have enough money to live on. It is, of course, agreed that the present scale of relief is not sufficient to keep its recipients above starvation level, as Sir John Orr has shown, providing merely for bare existence, so that long hours of work at low wages will appear attractive. The clubs provide two things, amusement and occupation. As regards the first, surely much better amusement exists than sitting in unpleasant and overcrowded surroundings playing dominoes or some other similar innocuous game permitted by the local management.

1Maes-y-Cwmmr, Monmouthshire. 2Sheffield. 3Lydbrook, Forest of Dean. 4Lincoln.


8First Camp, August, 1933. 9South Queensferry and Rothesay, 1935.
committee? As for occupation, a man with even a little money to spare will not want to waste long hours patching old shoes, and nailing together small articles from pieces of orange boxes. Those who genuinely like carpentry, and the clubs contain many such, will naturally not give it up, but not all men are carpenters. Finally, for those who feel the need of a club—and investigation will show that this is by no means a universal want—there is choice of one of the many clubs that already exist, Church clubs, fishing clubs, athletic clubs, and so on; and we can only hope that the ghastly idea of herding unemployed people into clubs separate from the rest of the community will be forgotten. The unemployed man is neither a criminal nor a leper. He is a representative of a civilisation that has triumphed over nature, so that long hours of toil are no longer necessary to support life. Let man once free himself from the present financial tyranny, and make Finance his slave, instead of being a slave himself, and the unemployed occupation club will pass away, an obsolete institution of an obsolete system, in a civilisation that with all its achievements considers it necessary to teach the manufacture and use of Bows and Arrows to keep undernourished men out of mischief.

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Our Autumn list in addition to new books on SOCIAL CREDIT will include books of a more general nature. If you will send us a postcard, we shall be pleased to put you on our mailing list.

G. K. Chesterton

By F. H. DRINKWATER

It is my privilege to offer a tribute of grief and gratitude to Chesterton, though almost anybody has a greater right to speak of him than I have. The only time I met him we exchanged a few words on Leamington railway platform twenty or more years ago; it was an oddly intimate few words, for I was a young man making the most of a three minute opportunity, and my recollection of his slightly embarrassed kindness and simple sincerity is still vivid.

He was at his greatest as a poet, and even in his journalistic essays and arguments it was the quality of poetic
insight which so often lifted them into the company of the immortals. From a poet we ask something more than precise diagnosis or prosaic facts and figures, and it would have been unreasonable to look for such things from G.K.C. even in his own social ideal of diffused ownership; yet Social Crediters might do worse than adopt as a sort of battle-hymn those fine stanzas about the people of England "who have not spoken yet."

For two things, I imagine, Gilbert Chesterton has heard himself praised by the only Judge whose praise he would care to have. He never used his gifts to defend established injustice: he could have done much better for himself in the world if he had. And in all his controversy, even (to the wonder of heaven) in his religious controversy, he treated every man as a friend. Lux perpetua luceat ei.

The weariness, the fever and the fret, Here where men sit and hear each other groan, Where palsy shakes a few, sad, last grey hairs, Where youth grows pale and spectre-thin, and dies. Where but to think is to be full of sorrow, And leaden-eyed despairs. Where beauty cannot keep her lustrous eyes, Or true love pine at them beyond to-morrow. —Keats.

Two Pieces by Geoffrey Dobbs

We that crawl upon the earth and creep in the lower sky How the world wags little know, and not at all know why; Suns and moons and nebulae rush ever here and there, What they mean or what they make we neither know nor care; Everything is relative, and Space, they say, is round, And if it all means anything, it’s a thing we have not found.

Molecules continually are darting to and fro, Making hills and seas and grass and us in doing so; Eggs and sperm when kept apart give rise to nothing new, When they join we cannot say what it is they do; Something may arise therefrom which breathes for eighty years, Eats and sleeps and thinks and prays until it disappears. Our grandfathers knew everything but fifty years ago: We shall go down to Kingdom Come as the men who did not know.

*  *  *  *

As I was in the Market Square When May was soft and sunny, I saw a thing that made me stare, A large man shapen like a pear, Intently counting money.

His head was bowed, his stolid glare Included every penny, But never wandered anywhere About the sunny Market Square, In case he should miss any.

A little bird was passing by Who seemed to think it funny, And stopped to ask, “Please tell me why
He stands there like a pig in sty,  
His snout upon that money?"

I said, “Birds gather twigs for nest,  
And bees hoard up their honey,  
But men especially are blest  
With Intellect, and think it best  
To spend life grubbing money.”

REVIEWS

The Millions Who Dwell in Darkness

“Poverty and Public Health,” by G. C. M’Gonigle and J. Kirby (Gollancz, 6s.).

O’er heathen lands afar  
Thick darkness broodeth yet.

I REMEMBER singing this hymn when I was a boy, and experiencing a slight touch of moral dyspepsia. What was wrong with it? The sentiments seemed a trifle fly-blown. Many people, I suppose, still sing it. Still sing it with a cozy feeling of condescension towards the poor benighted heathen who lives such a long way off. We never see him, but we help him with gifts of Bibles and pants.

What I have never yet been able to understand is why the compliment is not sometimes returned by our beneficiaries. Surely it would be a graceful act on the part of the more intelligent and cultured races among whom we send our missionaries to send some of their own to the people of our Distressed Areas. If they read this book they should soon be able to raise funds. They might also translate our hymn into their own languages and sing it for the benefit of South Durham.

The facts and figures given in the book are enough to bring tears of compassion to the eyes of any missionary from heathen lands afar. Dr. M’Gonigle says he began his special investigations when he found that a slum population in Stockton after being moved to a new housing estate was showing a death rate of 33.55 per thousand instead of the expected rate of 8.12 per thousand.

To begin with, the authors collected and analysed the family budgets of 28 families on the new estate and 27 families still in the old slums. After this, they gathered the records of practically every penny spent per week by 144 families in Stockton whose income was from 35s. to 80s. a week. That showed the existence of an astonishing farce. A cruel farce for those who are forced to take part in it. Nine out of ten families on the new housing estate were on the dole. In the slums, their rent came to 4s. 8d. a week; now they paid 9s. They also had to pay a fuel and light bill of 3s. or more a week before they got to the expenses of clothes, doctors, clubs, insurances and household necessities. Those without work were then found to have 2s. 10½d. a week per man for food! According to the B.M.A. scale of diet, 4s. 10d. was the minimum amount needed per man for food. This was in 1932, but by 1935, owing to rises in the cost of food, this 4s. 10d. had increased to 7s. So the unfortunate people who had moved to new houses were actually getting less than half of the minimum diet. Those who remained in the slums were a little, though not much, less underfed.

So much for the jobless. What about those in work? The book shows that after they had paid their insurances, trade union subscription, rent, travelling costs, fuel and light, clothing bills, and so forth, they had under 45 per cent, of the B.M.A. standard left for food! Everybody belonging to families of all but those of the 80s.-a-week men was going short of between 39 per cent, to 17 per cent, of the food needed for a healthy life.

The authors, to ram home their points, introduce a sinister diagram in which moneybags, representing incomes, of decreasing sizes, are arranged against lengthening rows of black crosses, representing death rates. I am sure that any sensitive Buddhist or Hindu would be appalled at it. But must we really leave it to the so-called heathen? Can’t we Christians do something about it? When I come to think of the miracles which our missionaries have performed in counteracting the effects of our own civilisation among coloured races, I refuse to believe that we couldn’t save our own people from the same evils if we tried. I don’t mean by distributing crumbs of charity, but by unstopping the
Horn of Plenty. The difficulties which faced some of those pioneer missionaries were enough to daunt any man who didn’t believe in divine aid. It was the fervour, the intensity of faith which carried them through. Why can’t we summon up faith and fervour now to assist our own suffering millions?

Must men be in heathen lands afar before we can ignite the divine spark? Does the Deity give a helping hand only in matters of religious orthodoxy? Is it less important if men, women and children are being starved to death? We need a new missionary spirit; one which has the fervour and faith of a crusade, but which is capable of focussing its attention on the foreground instead of on the remote distances. G.W.L. Day

Real History

“Inside Europe,” by John Gunther (Hamish Hamilton, 12s. 6d.).

PROBABLY the first genuine study of international conditions in our times has recently been completed by John Gunther. It is as different from the lachrymose superficialities of Philip Gibbs as from the epic pageantry of Dr. Gooch, whose actors stride, faces white with fury like the Starkadders, across Delimited Frontiers, Broken Treaties and Corridors. Mr. Gunther, on the other hand, has heard of economic causes; more, he knows about money.

For Social Crediters his chapters on France are of particular interest. Mr. Gunther shows that 18 regents of the Bank of France, a private corporation like the Bank of England, rule France absolutely and make and unmake Premiers at will.

Of these regents twelve are elected by the votes of the 200 biggest stockholders in the Bank. The governor, two vice-governors and three Treasury officials are State servants. Official representation is meaningless, however, except in so far as it enables the tail to wag the dog. For any disagreement between the governor and the other regents invariably results in the former’s resignation.

The private regents have become almost hereditary princes, since the same five or six banking families supply them from generation to generation. Six of them are bankers, the other six “industrialists.” But the term is highly misleading. These “industrialists” are quite indistinguishable from financiers, and the twelve together control 150 seats in 95 interlocking corporations—or some 60 per cent of French industry.

After the Stavisky scandals, Mr. Gunther shows, Flandin endeavoured to resist the Bank’s demand for deflation or devaluation. The Bank created a sham panic and refused to rediscount Government loans, so that on a certain day in June 1935, the elected Ministry of the great French nation found itself without the money to meet bonds falling due. The Flandin Ministry fell and was succeeded by Laval, a safe bankers’ man.

France entered upon a year of merciless “cuts” and dismissals.

Mr. Gunther’s book is particularly valuable because it contains very comprehensive documentary evidences and references throughout. It should be read by all who wish to know the true history of our time. M.H.

Social Credit and Bird Life

By The Marquess of Tavistock

The coming of the age of culture and leisure, consequent on the adoption of a sane money system which releases the resources of modern science and civilisation, is bound to have a marked effect on all hobbies, pastimes and forms of study, including ornithology and aviculture.

Some of the effects on wild bird life may conceivably be bad unless the danger is foreseen and prevented. Social Credit will mean more people tearing about the country in cars and aeroplanes, disturbing and destroying wild life, and possibly it may lead to some increase in the numbers of those pests of ornithology, collectors of rare birds’ eggs and rare bird skins. There may also be an increase in bird photographers whose zeal outruns their discretion, and who scare nervous subjects into deserting their eggs or young.
On the whole, however, the advantages of the new age should outweigh the drawbacks from the avian point of view as well as the human. If the danger of disturbing and destructive factors be somewhat increased, far more funds will be available for the upkeep of reserves and sanctuaries, and for the payment of an ample staff of watchers and wardens who will allow the evil-doer no opportunity of doing mischief either by carelessness or cupidity. It is to be hoped, also, that the first-rate educational system of the Social Credit regime will produce increasing appreciation of the interest and beauty of birds and other living creatures, and an intense desire to preserve from extinction everything that is of scientific interest.

Not only in Great Britain but throughout the world it is greatly to be hoped that strenuous efforts will be made to preserve the many species of birds which are rapidly nearing extinction. Sometimes man is the destroying agency; sometimes the vermin he has introduced by misadventure or stupidity. Our West Indian possessions are a case in point, where several interesting and lovely birds are being exterminated by the Negro population and the imported mongoose. Persistent destruction by a large staff of sanctuary wardens is the only remedy for the misplaced Rikki-tikki. Education, a more abundant food supply, and stricter control by the law should induce better habits among the people concerned.

Social Credit should be the means of ending a source of cruel suffering to sea birds—the discharge of waste oil by ships. At present the installation of proper appliances for preventing this nuisance is held up on the ground of the silly bogey of “expense.”

The effect of Social Credit on aviculture, i.e., the keeping of birds in captivity or at controlled liberty, should be wholly good. Certain persons whose sentimentality exceeds their practical knowledge of bird nature condemn all keeping of birds in confinement as cruel; just as certain over-religious people condemn the whole Theatre as immoral. But although at present there is much, very much, that is badly wrong with the Stage and with aviculture, both are essentially things to redeem and not to abolish.

The humanity, or otherwise, of keeping birds in confinement depends entirely on the kind of bird and the kind of confinement. Cages too small and badly constructed; dirt; overcrowding; wrong and inadequate feeding; aviaries on a fixed site for species which require movable ones; all these are evils which can be made to yield to education on sounder methods of management, provided always that the people you are trying to educate can afford to buy better equipment and have houses and gardens adequate in size to the demands of their hobby when it is properly conducted.
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