THE FIG TREE

Quarterly

Edited by C. H. Douglas

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

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

False Witness

IT cannot have escaped notice that economic systems, and perhaps even more economic reforms, are increasingly associated with questions of, or criticisms in regard to, religion.

There are several suggested derivations of the word "religion," but the most probable, and indeed the most generally accepted, is that it is derived from the Latin word "religare," meaning "to bind back" or otherwise "to relate" in the sense of "establishing a relationship between." That is to say, religion is truth, and I think all right-minded persons could agree with the Theosophists in their fundamental postulate that there is no religion higher than truth.

Now it is a very curious fact that almost every aspect of economics and politics, as they are active in the world today, is a denial of religion in this fundamental sense. The financiers' continuous cry for "confidence" of the description given by the small boy in regard to faith, as belief in "what you know ain't so," is only one instance of it. The painting of such things as war, in colours intended to dissociate it as far as possible from its true description as mass murder and general lunacy, is another. The constant insistence upon an unemployment problem as though the object of life in the world was grinding and continuous work is a third. And the instinctive identification of a better economic, political and social system with the emergence of truth is an intuition of fundamental significance.

Bearing these matters in mind, the immense importance, for good or evil, of modern newspaper production, broadcasting and other agencies of mass information or misdirection requires no emphasis. It has frequently been remarked that the technique of mis-information is not so much in the dissemination of false news as in the presentation of true news which the public is allowed to learn, together with the suppression of the sources from which this news proceeds. A measure which will engage the attention of the Alberta Legislature in its present activities, empowering the competent authority to require from all newspapers or broadcasting agencies the publication of any news received by such agencies, should the Government so desire, and also the disclosure and publication of the sources from which news and criticisms which are published have been obtained, should go some considerable distance towards educating the public to whom it refers in the weight or otherwise to be attached to the printed or broadcast word.

It has been said that the control of credit and the control of the news are concentric; that if you control the news you control credit, or if you control credit you can control the news. That this conception of the power to pervert information is well understood by those powers, which do not desire financial credit to reflect facts, is obvious, and there is very little doubt that any measures to circumscribe the extent to which this perversion can be exercised will arouse the most lively antagonism in these quarters.

C. H. Douglas

European Tug-of-War

By Miles Hyatt

IT is unnecessary for me to stress the fact that the international outlook is blacker this quarter than last. Readers of the Fig Tree, well aware that the issue at present among the great majority of the heathen seems to lie between servile mechanical submission and ruthless, vengeful war, do not expect, and would not credit, any real improvement. There is much talk of better relations, of course, and certain negotiations are going on between Italy, Great Britain and France for the sale of Abyssinia's claims; but China and Japan and the blazing ruins of Spain give the lie to the reality of any approach to real peace.

Yet the last year has seen at least one event of benefit to humanity at large, although in their upside-down view of the world many people believe it to be a misfortune. I mean the thorough discrediting of that dangerous and hypocritical organisation miscalled the League of Nations, along with a partial revelation of its financial nigger in the woodpile. Realists have been able to see him all along, and anybody else might have discovered him by studying the League's arbitrary 'reconstruction' of small Powers inclined to unorthodox financial experiment.

Much lip service is still being paid to League solidarity and collective security, or else to reorganisation upon an entirely new basis to include Germany and Italy. The great new salons of the League's headquarters on the lakeside are monumental in their magnificence of design, rich wealth of frescoes, panelling and priceless paintings. No expense has been spared to impress, as why should it when resources are limitless? But Geneva herself, the city, knows that the game is played and all is up—Geneva, where there are eight thousand vacant apartments, and countless shops besides which bear the mournful sign *à louer*.

Current Keynotes and their Application

To relate events in any one country to those in any other today, one has to go to the pronouncements and suggestions of international bankers, where alone can be found the correct clue. Now the currency group of the International Chamber of Commerce Conference held in Berlin at the beginning of July stressed two points very carefully. One was the necessity for stabilisation of world currencies, with a rider that some form of gold standard was the ideal. The other required governments everywhere to pave the way for the re-establishment of long-term international lending.

When the headmaster throws out a suggestion, the prefects look upon it as an order and promptly proceed to act upon it—except those, of course, who for their own purposes prefer to ignore it. So, with the exception of the group controlled by Germany and Italy, we see countries everywhere endeavouring to approximate to sterling by means of evolutions comparable with those of 1931 in England. France is followed in balancing her budget by numerous smaller nations, such as Switzerland, which declares for economy, and Greece, where Metaxas establishes martial law because (shades of gods and heroes!) there has been loss of confidence in the drachma! *

* It is thought that Charon will still accept the obol, however.

German-Italian Encirclement

If Germany's position has changed, it is for the worse. She is gradually being hemmed in by the machinations of Basle (for which I prefer the spelling "Baal" invented by Smith Minor) and its extremely able emissary, Van Zeeland, who has been particularly active all the summer. The gambit of freer trade is being pushed for all it is worth, and probably the agreements already reached will be used to shut off Germany's food sources in the Scandinavian countries. Dairy foods are still quite plentiful in Germany, but of an inferior quality. It will have been noticed, too, that, in spite of protests by English egg-producers, extremely cheap and good Danish eggs have been allowed to flood the English market for some time past; and this no doubt will be both the lever and the compensation when the right moment comes.

So far as is known, Roumania is still in the German orbit. But Carol went to see the Exhibition * in Paris, and was there much fêted and caressed by French politicians and financiers. With so essentially human a creature as Carol there is no knowing what he will do, or where exactly he stands at any given moment. He lacks both the punctiliousness and the automatic ruthlessness of financiers like Bonnet, Schacht and Van Zeeland, and is at once both a more congenial and a less reliable figure.

*Visitors to Paris should not miss the German and Russian pavilions at the Exhibition, especially the defiant statuary of the exterior. The grouping is too "stagy" to be accidental.

Both Germany and Italy are extending their sources of influence in the Balkans as rapidly as they can. Krupps are working the Bosnian ironworks, Italian firms are dealing with Albanian oil, and Roumania's petrol is a prize sought by both countries. On the whole, however, in these fields also American and British finance carries heavier guns, and it is considered that Germany and Italy are bound to be driven out, as they are being driven out of the iron, chromium and copper districts in Turkey.

The food position, in Germany at least, must deteriorate rapidly unless there is some quite unforeseen change. During the franc-crisis in France, it was half expected that Hitler would pounce, as it was known that his stocks of food and raw materials were desperately low and the outlook for the harvest was bad. The breakdown of Spanish "non-intervention" and the consequent creation of a new market for German goods, coupled with the suspicion of an Italian flirtation with the British authorities, may have held him in check; and at the present time he is being kept busy by a wordy quarrel with Czechoslovakia, the Press of each country claiming that the children of the other country are living nearer to starvation level than its own. But the most recent news is not reassuring. Germans have been warned not to spend their holidays in England, on the somewhat flimsy ground that they will be insulted if they do. Can it be that they may be bombed if they do?

Italy, too, is facing a serious deficit, and taxation has had to be drastically raised. It is unlikely that the talks of Count Ciano with British ministers will have any great significance, except perhaps for Abyssinia and Spain.

Finance and the Forty-Hour Week

France during these last months has focussed the puzzled attention of people both within and without its frontiers. The franc has gone "down" and the pound "up" for no very apparent reason. All who can afford it have been, or are going, to France for the holidays, and it is only natural that M. Bonnet should appear a sort of benevolent Puck, the wave of whose wand converts 65 francs into 130. Even in France itself this midsummer magic was at first received with a certain amount of gratitude until the ass's head became too obvious. Then opinion began to change with some rapidity.

It is considered in France, and in my opinion correctly considered, that the whole operation of the "crisis" is being directed against the forty-hour week.

The following quotation from a financial paper makes this clearer: "If wages are to be increased, the workers must do more work for it. The forty-hour week is to remain, as it were, the basis of the whole system, but the workers will be *encouraged to work overtime*—naturally for extra pay. These are the lines along which the Chautemps government will attempt to 'modify' the forty-hour week, and even if it means a larger wage-bill, *this bill will be paid in depreciated francs*." I need not elaborate this subtle ringing of the changes on real and apparent wages. The best commentary on it is the action of the French bank-employees, who demanded large wage-increases at once. On being promised three or four per cent increase, they raised an immediate outcry for 30 per cent, by which figure they asserted the cost of living was going to rise. Well, they should know better than most people.

The truth is that in their long-drawn-out campaign against the French individual the financiers have made one grievous error. The *Front Populaire* was encouraged too far, and the working class obtained something which, in spite of all lowering of their standard of living, they have no mind to surrender. The five-day week of eight hours each day is a virtual admission that much more ample leisure is possible for all, and its very existence does much to destroy the work-fetish among those who enjoy it. Whatever politicians and Press may say now of the need for greater production, I do not believe that Frenchmen will be deceived or allow the forty-hour week law to be repealed. Conversations with some of them convince me that in a great many respects they see through things as our own countrymen unfortunately do not—and indeed they correctly suppose that in our readiness to be swayed by newspaper and wireless publicity, we in England are almost infantile.

But, where direct methods might fail, this trick of secretly cutting Jacques' purchasing power by 30 per cent, and then "encouraging" him to work overtime in order to get it back, is almost certain to succeed.

Some Discrepancies in the Design

The staging of the crisis itself was quite conventional. Gold was said to have suddenly flown from French banks in enormous quantities; Blum asked for dictatorial powers to save the country and coerce the banks. The Senate refused, Blum fell and Chautemps succeeded him. Bonnet, hurrying home from America, produced a plan out of his hat and

France was saved.

This was the imposing façade built up by the newspapers for the admiration of their readers. But readers of the FIG TREE will require amplification. They may well ask, in view of the enormous Exhibition traffic, how so large a quantity of bullion travelled out of France without disturbing the transport facilities; and in this connection Oscar Hobson, financial editor of the *News Chronicle*, practically accuses the Bank of France of inventing this flight and issuing a false statement on July 1, representing as a sudden loss large amounts of gold which had actually left France over a long period of time. Such a suspicion, he says, would be difficult to credit "were it not for a somewhat similar 'cooking' of the accounts in 1926, subsequently admitted."

So much for the flying gold. What of Blum, the man who would coerce the banks—who was going to ask for "government authority to determine the use of bank credit," since "control of the Bank of France was not enough without control of the banks in general"? Blum, the controller of the Bank of France, was apparently the one man who could obtain no credit from it. Yet during the actual period when he and the Bank were declaring France bankrupt, he and the Chamber of Deputies were voting their assent to a loan of 800 million francs from the Bank to Czechoslovakia, and guaranteeing it with the credit of the State—whatever in the circumstances that might mean.

Blum (who controlled the Bank) could not touch a centime of the specie with which its coffers were bursting. He had no credit. With his credit, however, he was able to back an enormous loan the Bank had decided to make to a foreign bank. *

*Czechoslovakia had raised a large loan in Switzerland, but pending its completion she appealed to France for an advance. No doubt the recent growth of the Agrarian Party, sympathetic to German-Czech co-operation, was used as a lever.

Chautemps and Bonnet have had what the Times calls "a good Press" and "little real opposition in political circles." M. Chautemps, speaking at Montargis on August 7, said that Blum was giving him the same cordial support as he had given to Blum in the last government. It is not difficult to see in this an admission that Blum, his party and his newspapers, having served their purpose for the moment, are now acting as official Greek chorus until they are wanted once more in the buskins. M. Bonnet, of the highly greased intellect, is holding the centre of the stage, to the edification of all who behold him, except, possibly, those who remember the somewhat parallel brilliancy of Chamberlain with the Budget he was "assisted" to prepare. In Bonnet's case also the link with Norman becomes evident when we recall the very mysterious demand made to Parliament in Britain to increase the Exchange Equalisation Fund's power of buying gold by 200 million pounds; explanations being refused. *

* And Morgenthau, too, without doubt. The Financial News for August 9 quotes Bonnet as saying, "President Roosevelt's last words to me when I was leaving Washington were, 'Whatever else you do, balance your budget' "—in the circumstances rather a waggish remark.

The great Recovery Plan itself was the playing of the hand which had taken so long to deal. The Frenchman had to be hypnotised into a state of mind in which he would at last consent to tie himself hand and foot with money ties, taxation, insurance, wage-scales and the rest of the bag of tricks we know so well. Now, as the *Economist* of July 3 said, he had learned his lesson that no mere financial expedients were of any use, "but that there must be great sacrifices made by all." Labeyrie was sacked from the Bank and Fournier put in his place. Cuts in expenditure were to be made, amounting to 238 million pounds, and increased taxation, rising to 20 per cent, was imposed on tobacco, postage, telegrams, telephones, customs, production, commercial petrol and both categories of income tax. Bonnet could secure an immediate advance on the 15,000 million franc increase in loans from the Bank only by pledging the revenues of the new taxation.

Public works and local authorities were to lose grants; Treasury officials, appointed to each Ministry, were to keep an eye on all expenditure, with full power of veto; and the railway and road transport services, after co-ordination and rationalisation, might be expected to suffer still more drastic cuts.

There for the moment the situation rests. The great question now is, will the people stand it? I am inclined to think not. Staying in a fair part of the French countryside this summer, it was with great reluctance that I dragged myself away from contemplation of the cheerful, honest and industrious country folk to survey the dirty little tricks of nasty little worms in Paris. But in doing so I discovered two rather hopeful signs. One was the comparative independence and clear-sightedness of many French writers, especially in reviews and weekly magazines. The other was the obvious fact that the Government knew itself to be on the defensive. Every speech included a lachrymose plea for a "pause" on the part of popular demand, less "defeatism," and more confidence in the Government; and it was quite evident that the pleading was not having any great effect. Indeed, among the independent farming people the most frequent comment was that very expressive word "blague."

Alberta is of first importance in the fight for freedom in the world today; but I should like to think that France will not be far behind when the reality can no longer be hidden.

Unto This Last

By The Dean of Canterbury

(For the benefit of readers new to the policy of this Review, Dr. Hewlett Johnson states the facts in simple, non-technical terms)

THREE great factors stare us in the face in this modern world of ours, and not one of them can be ignored.

STARVATION

(1) First, there is the fact of hunger and malnutrition. I have seen the statement that a "World Committee for Relief" for 1934 gave the figures for starvation in that year as 2,400,000 persons. Incidentally, in the same year, 10,000,000 freight loads of grain were wilfully destroyed.

But it is rather with our own country that I want to deal. Sir John Boyd Orr who, despite any criticisms that may have been raised against his figures, is, after all, our greatest expert on questions of nutrition (he is joint editor of the paper "Nutrition," Director of the Rowett Institute for Research in Animal Nutrition, and Research Lecturer for Physiology in the University of Aberdeen), gives us startling figures. Fifty per cent of our population live so amply that nothing more could advantageously be added to their diet. Fifty per cent live below what is adequate. Taking 10s. a week as alone sufficient to furnish complete nourishment, he finds that 4,500,000 people, including one-sixth of all the children of England, can spend on food less than 4s. a week; 9,000,000 more less than 6s. a week, and yet another 9,000,000 less than 8s. a week.

Only half the population are adequately nourished, one-tenth, including one-sixth of our children, are disastrously undernourished; and we see the crop of resultant evils in the prevalence of rickets, anaemia, consumption, and the minor, though serious, matters of decayed teeth and the like. The average height of boys of 13 years of age at industrial schools is 5.8 inches below that of the same age at public schools, a figure arrived at over a large number of cases. Fifty-two per cent of recruits for the Army are rejected as unfit, the number rising to seventy or eighty percent, in the distressed areas.

Ten million of our people still need rehousing. A hundred and fifty five thousand Londoners live three in a room, whilst the recent official figures of housing in Stepney tell of one family of eleven persons living in two rooms, one up, one down, measuring ten feet by nine, with no passages, cupboards or closet.

These things cannot be tolerated. They are a shame to England and a challenge to every Christian man or woman. We cannot in any real sense call ourselves Christians if we ignore them, for whatever else the religion of Jesus is, it is intensely practical. And when it speaks about a Kingdom of Heaven, it is a Kingdom of Heaven on earth, constituted from the normal everyday elements of human life. To heights of spirituality undreamt of it undoubtedly tends, but only those who are blind to the story of the Gospel will evaporate it into a message of pure spirituality, sucking the vitality out of Christ's words and projecting His Kingdom into another world and a future life. It cannot be removed far from the common elements of daily living. Nothing could be further from Christ's wish. He asks that men shall act like brothers, and begin the action here and now. Brothers do not lord it over brothers, nor do they neglect their material needs. The thing constantly recurs up to Christ's final criterion at the Last Judgment. This is not "Have you been to Church?" or "Have you said your prayers?" but "Have you fed the hungry, clothed the naked and healed the sick?"

If there is real scarcity and a real inability to provide adequately for all, then we are bound, if we are Christians, to share the scarcity more equally with our brother men. Nothing could be more certain than this. But is there real scarcity? Are these millions starving because there is not enough?

THE FACT OF ABUNDANCE

In the year 1495, we are told by the historian of agricultural conditions, a man could keep himself on the fruit of 15 weeks' work in the year. Contrast the facilities of that day with this. There was then the very minimum of power available. Work was done by hand and the machine age was yet far distant. How vast the contrast today!

In the year 1688 Denis Papin made interesting experiments with steam and a cylinder, driving a piston up and down. In 1712 Newcomen, the Devon blacksmith, applied this principle to the pumping of a mine and created an engine which developed energy equal to 56 men. James Watt in 1772 had increased this to 765 manpower per engine. About the year of my own birth this had become 20,000 manpower, at the beginning of this century 234,000 manpower, and today there is a single unit in existence which develops 9,000,000 manpower on a twenty-four hour basis, developing energy equal to the whole working population of England! These units are now spreading all over the world in vast numbers, and can spread indefinitely, giving us access to power illimitable.

Side by side with the development of power comes the development of the machine. When the Rev. Robert Lee in 1595 made the first stocking frame he took the first step in expediting the manufacture of clothes by machinery, whereby the 300 stitches of the unaided woman's hand becomes 3,000,000 when her hand directs the power-driven machine.

In the year 1800 there was not one iron plough in existence. Today in America there are harvesters with a cutting bar 35 feet wide, driven by 50 horse-power engines, which cut the grain, thrash it, tie the straw into bundles and turn out 1,500 sacks of wheat a day with the labour of seven men. Professor Soddy remarks that productivity has increased 4,000 per cent, and that 4,000 men, adequately supplied with the machinery that is possible today, could produce the whole of the wheat crop necessary to support the United States, a task that would have taken some 3,000,000 or more men at the beginning of the last century. Only in 1898 Sir William Crooks contended that Canada could produce "no more than 225,000,000 bushels a year. Since then she has learned how to produce 500,000,000 bushels a year. Sir Daniel Hall, late Chief Adviser to the Ministry of Agriculture, informs us that in the last ten years alone the possible productivity of English soil has been actually doubled.

The same unlimited increase due to machinery and power is seen in every direction. In 1599 Earl Dudley's son first used coal for making iron, and from that day to this we have seen the miracle of greater and greater quantities of iron and steel produced by an ever-diminishing output of human labour. Sir Robert Hadfield has claimed that economies to the value of £500,000,000 have resulted from two only of the many steels he has invented. One man with modern machinery can turn out twenty-four times the steel tonnage that he could have turned out when I was a boy.

Abundance of commodities with ever-diminishing labour—that is everywhere the fact. One man can produce 54 times as many glass bottles today as his predecessor. Five or ten men behind a modern excavator can remove as much earth as the 4,000 men who dug the Suez Canal. Electric bulbs shoot off the machine that manufactures them at the rate of 422 a minute, whilst three men in a modern cigarette factory can produce as many cigarettes in a day as 700 men formerly. We draw nitrogen straight from the air and send the ships that formerly brought it the 7,000 miles from Chile to rust in backwaters.

The late Lord Leverhulme once said that we could provide food, shelter and clothing at the work rate of one hour a week, from school age to dotage, if we used the resources which lay at our hands. That was in 1913, and our output per man has doubled since then. I know there are now persons, some like Sir Josiah Stamp, a Director of the Bank of England who should know better, who are beginning to question where this plenty is. How are they able to cast doubt upon its existence? They can do it only by quietly ignoring the enormous waste and inhibition and destruction of plenty which daily takes place. That leads me to the third great fact.

Wilful Destruction of Wealth

I spoke earlier of the destruction of 10,000,000 freight loads of grain in the year 1934—a year when upwards of two million are said to have died of starvation. It is not grain alone that has been destroyed. Shiploads of oranges have been shovelled into the sea; to save the cotton-growing industry every third row of cotton has been ploughed in; sacks of coffee have been hurled into the sea in such quantities that it would take nine months, working day and night and flinging one sack into the water every second, to get rid of the whole—each sack weighing 135 lb. In one year alone Holland burned cattle which, had they been placed head to tail along the high roads of England, would have spread from London to York, a distance of 188 miles.

If this destruction at least makes people horrified, it is the damnable policy of restriction which induces a false feeling that there is real scarcity. In one year the order went forth that 121,000,000 tons weight less of tea *was to be grown,* and farms in Borneo, Ceylon and India must be left derelict. That quantity of tea would have put 15 lb. weight in every larder in Britain. The late John Hodgson, the engineer who ventilated the Mersey Tunnel, and has been responsible for the design of the automatic control devices used in one of the great London power stations, tells us that every week for the last twenty years of life he has given somebody wealth at the rate of £2,500 a year. As an engineer who weighs his words carefully, he gives substantial grounds for his estimate that with the elimination of all the present wastage, we could produce ten times as many needful commodities as we do, for we dissipate nine-tenths of our possible output and rob ourselves of the nine months' leisure which is possible for everyone.

Every Marketing Board is an instrument for the restriction of something urgently needed bacon, milk, meat, eggs, and all other staples and these things can now be produced in unlimited quantities! We are fools if we talk about equality and rationing in the midst of this potential plenty. What we really should do, if we would serve God and our fellow-men with our mind as well as with our heart, is remove the shackles which keep abundance from us.

* * *

We have faced the three great facts of present human need, present unlimited productive capacity, and present restrictions and destructions. In view of our productive capacity, poverty, want and insecurity are anachronisms, ludicrous were they not so disastrously criminal. There need be no shortage of goods whatsoever. Commodities of every quality and in any quantity can be produced. Land, power and machines, with abundance of labour to operate them, are immediately available. Ask what you will and the goods can be supplied. Sheets from the American cotton-fields and Lancashire mills, bread from the prairie farms of Canada, woollen goods from the sheep-runs of Australia and the woollen factories of Yorkshire; coal from South Wales; oranges, coffee, rubber, and what not besides, from Spain, Malay or the South American states.

You Must Have Money

One thing and one thing alone is short, and that is money in the pockets of the purchasing public. We live in a money economy, that is in a world organised on the basis of money. We have no access to the means of life without the means of payment. This is not, in the nature of things, necessary. Money is a man-made system and can be changed or controlled, or even abolished, if we will it so. There is nothing essential in the nature of things to force the Kentish farmer to go short of sheets, though Lancashire can produce them, and the Lancashire operatives to go short of apples, though the Kentish farmer can produce them, and for the apples to rot on the fields and the spindles be consigned to the flames—just because both sets of persons are short of the money that would enable the production to take place and be beneficially distributed to meet the need. Money, like the Sabbath, is made for man, and not man for money.

Money as it is operated at present is highly technical in detail and is controlled by private financial institutions. Most of us have little chance of understanding its technicalities. Nor need we do so. Our only need and our absolute right is to dictate the kind of service its technical experts must render to the community. It is our bounden duty to demand that, as the function of money is merely to serve as tickets for the distribution of goods, it shall be made to do the job, and distribute to all that which is at present being restricted or destroyed.

Though we have no wish to enter into any discussion of the details of money or to dictate to the financial institutions how they shall operate their own business, only contenting ourselves with the insistence that the plenty which is physically possible shall be called into existence—distributed and neither destroyed nor restricted, yet we may remark in passing that money in its essential nature is so simple a matter that a child can understand it. In that respect it is precisely like my little high-powered motorcar.

One thing and one thing alone the public needs to know—that money is a man-made system invented to serve as tickets for the distribution of goods, just as tickets are created by a railway company or a cinema-proprietor, to distribute the facilities those organisations provide. In their earliest form, money tickets were actually made by the same hand that produced the goods. The primitive owner of a herd of twenty cows, say, would desire from time to time to barter some of them for grain. The merchant supplying the grain might have no wish to take the cows round the country with him. He therefore accepted a token in place of a cow, which token could at any time be exchanged by the purchaser for the actual cow: a leather disc, perhaps, with a picture of the cow upon it, or with the owner's name inscribed, would serve as a token. Indeed, our word "pecuniary," enshrining the Latin name "pecus" for "cattle," is illuminating in this connection. The leather disc was money. It represented one cow. Its ownership constituted a claim for goods, and it was produced by the owner of the goods in order to facilitate the exchange of the goods. If the owner possessed twenty cows, he could produce, if need be, twenty money tickets, each of the value of one cow. He was a fool if he produced fewer tickets than there were cows, if he was in need of the tickets instead of the cows. He was a knave if he produced more.

From this early stage in the issue of money tickets we pass on to a dangerous development. Round about the 15th

Century the chief owners of wealth were feudal nobles whose wealth consisted largely of gold and silver plate. The days were troubled and owners of wealth sought a secure guardian for it, which they found in the strong room of a goldsmith's shop. There the plate was deposited, and the owner received in return a signed parchment document as receipt. That document now served as a money ticket; its value was known. Its owner believed that it could always be changed for actual wealth, because he believed in the signature, which it bore. It could pass from hand to hand as money. It was the ancestor of our own banknote. It was a money ticket and served for the transmission of goods. Its value rested upon the *credit* of the man who created it.

You will observe what a vital change has taken place. Whereas in the earliest case the creator of the money and the creator of the goods were one and the same person, in this case the creator of the money is merely the *guardian* of the goods. He neither creates nor owns the goods.

It is now the goldsmith, the ancestor of our banker, and not the feudal lord, who signs the money ticket and hands it out.

You will observe in the second place how wide the door now stands open for the *fraudulent* creation of money tickets. Suppose for example three owners, each of £100 worth of gold plate, have deposited their wealth and received from the goldsmith their receipts, which now pass from hand to hand as money tickets to transfer goods, and enable their possessor to change them for £100 worth of horses or houses, or any other thing he may wish to purchase. Suppose, further, that a fourth man comes to the goldsmith, asking for a loan of another $100? What prevents the guardian of wealth from putting into circulation another £100,by creating, with parchment and ink, another receipt? Nothing in the world save his own sense of honesty and his own natural fear that four persons at once might come and claim four times $100 when in reality there was only actual wealth to the tune of three times $100.

This kind of fraud actually took place. The goldsmiths in fact discovered that they could lend many times more receipts for wealth than the real wealth they possessed, and as they received interest upon the receipts the business was a highly profitable one. It was even discovered that it was possible to create nine times as much in the way of notes as they held in the way of gold, so small an amount of actual gold was ever withdrawn for use.

The public, of course, were the sufferers, because this was not accompanied by any increases of goods, so that their money was worth less in terms of goods. It is to that fundamental fraudulent use of the power to create money tickets that Lord Melchett refers when he says that the money system is the greatest bluff ever perpetrated on any people.

When Tickets Control Trains

Money, in short, is a ticket system and it stands over against, and apart from, the ordinary system of producing things. One organisation creates money. Another organisation creates goods. One organisation is responsible for the creation of everything, from potatoes to motorcars; but it cannot begin to produce, nor can any of its production be distributed or consumed, except by consent of the other, that is, the money, organisation, which we call the financial system. *

*How true this simple statement is can be seen by the words of the financial authorities themselves. Mr. Reginald McKenna says: "The amount of money varies with the action of the banks." Mr. Hawtrey, of the Treasury, adds: "Banks create the means of payment out of nothing."

This is, of course, absurd. It is as absurd as if a railway company, with its rails, rolling stock and staff, were provided for and controlled by one set of responsible persons; whilst its tickets were controlled by a totally different set of persons, who operated the ticket system entirely for their own ends! What railway company, for example, would despatch trains of empty carriages while passengers clamoured at the barriers for seats—and offer as an excuse that the tickets had run out and that the printers declined to issue more?

And what country, we might likewise well ask, that understands the elementary and generally accepted facts about money and its issue, can lightly see its people, so rightly able to create and so eager to exchange the fruits of their labour, lacking the tickets to do so, and tightening their belts while goods depart into the fire or to the sea, and sabotage of machinery reigns?

I said that this position was absurd. It is capable of being quickly altered.

I spoke a while ago of my small but highly efficient motorcar, which I find it wise to place in the hands of my skilled friend and chauffeur. He runs the car. I direct the policy. I send for him and say, “I wish to be in London in three hours’ time to attend a meeting.” It is morally desirable that I should be at that meeting. It is physically possible for my car to take me there in the time. I am the owner of the car and it is within my rights to demand this service from it. I should be a fool, however, if I began dictating to my chauffeur how to run the car. With what petrol? With what oil? With what adjustment of the carburettor, etc., etc., etc.? Did I fuss and bother him with these technical details, he would be well within his rights in saying, “Who, sir, is driving this car, you or I?”

On the other hand, if he took me to Margate when 1 asked him to drive me to London; or if he drove me at 10 miles an hour when I knew the car was capable of 70 miles an hour, I should be within my rights in asking, “Whose car is this, yours or mine? You may indeed look after its technical equipment and know far better than I do how to get the best results, but it is my right to direct the policy, to say where we shall go, and, within limits, in what time.”

Precisely so it is with a thousand other things. When I enter a Lyons’s restaurant I am within my rights if I order a buttered teacake. I am within my rights, too, if I return it should it be burnt or underdone. But it would be silly for me to dictate the mode of the toasting; by gas, electricity, coke or an Aga stove.

So with our money ticket system.

The financial institutions are the technical experts in charge of the money machine. They do not need amateurs to direct them how to operate it. What they do need and must receive is orders from the sovereign people—you and me and the others—as to the kind of results we demand that they shall produce. Money must no longer dominate producer and consumer.

We know that goods can be produced of every quality and in any quantity. We know that ever and ever fewer men are employed in their production. We know that for lack of purchasers goods are destroyed and production restricted. We know that this has led to moral disaster, to starvation amidst plenty. We demand, therefore, that the money tickets or other such claims to that possible production shall be distributed to each one of us as of right and as a seal of our real freedom.

And here we come at last to the heart of our demands and of our proposals. That food-starved, beauty-starved, freedom-starved, insecure and worried multitude of which I spoke at the outset is always in my mind. The 1,600,000 unemployed who, together with their dependents, could join hands round the whole of our two-thousand-mile coastline, runs like a nightmare through my thoughts.

I long to see that what is possible shall happen; that they are fed and clothed and made secure. I long also, even more urgently, to see them freed. And here I see the machine, sacred and God-given because it has grown out of the toil and tears of scientists and inventors and educationalists and God-fearing, peace-loving men in the society we call Christendom—I see this God-given machine standing ready and willing to present us with this new possibility of plenty for all, security for all—and FREEDOM.

We demand a dividend. A dividend is something which is divided up. By this division, this dividend, the huge cotton surplus which the cotton trade at present dare not produce is waiting and asking to be distributed as the cotton dividend. The unsaleable coal which is needed and can readily be produced could by this same means be distributed as a coal dividend, and similarly with surpluses at present unutilised of building, of agriculture, or of sheets and shoes and clothing for the body. The boundless resources of scientific knowledge are ever at hand to distribute larger and larger dividends of leisure and freedom to all. A National Dividend—a claim on whatever you choose—would unloose the wealth at present held so disastrously in leash.

These, then, are the results which it is within our right to demand of the financial institutions. And we can make our voice effective when we speak in the appropriate way through the Sovereign Parliament. We tell our Member of Parliament in no uncertain terms that we demand a National Dividend. Our Member tells the Government that the people will it so. The Government gives its order to the Treasury, and the Treasury informs the financial institutions of the sovereign will of the people. Not one of them, the whole way up this chain, needs to know anything more about the technicalities of the money system than they know about the technicalities of stress and strain in the great bridge that the people and their representatives ordered to be thrown across the harbour at Sydney, or in the battleships which they order to be built to protect our coasts. They know that iron and steel are capable of yielding certain results. They give the order to the experts and hold them responsible for delivering the goods.

The Member of Parliament and the Government know that goods can be produced. They also know the need for these goods. They further know that the money tickets are the mechanism to bring the need and the facility together. People could, if they liked, sweep the money system aside, undertake the manufacture themselves and deliver out the goods as rations. They will be wise to keep money as a system, but make it active as servant and not as lord; for with the dividend will come freedom as to the choice of goods and as to the choice of work.

What hinders us from taking this step? Is it perhaps that we fear freedom? Are we timid about getting “something for nothing?” Dare we not trust other people with opportunities for happiness and more leisure? I would urge that this venture of faith is in line with the essential Christian way, and I desire on that account something more than a nation of well-clothed, well-fed serfs, ordered and jostled about, in fear of starving if they do not obey.

I desire a nation of free men and free women. I am very jealous, too, that we British people shall place the copingstone of freedom on the lives of our citizens, and add to our hardly-won political freedom the machine-given possibility of economic freedom.

It was the leisured handful of free men and free women at the top in Athens, Venice or Florence who created the intellectual ferment which has made the creative activities of these cities ring down the ages. And there is only one discordant note in that ringing; the leisure of the few was produced at the cost of the many; it rested upon the backs of slaves. What is not possible to us today when we have within our grasp a leisure which can spread over the whole community, and which can rest on the back not of slaves but of machines? What glorious vistas stretch out before us! What gifts God holds out! Dare we trust the men and women around us with so perilous a boon as complete economic freedom? I for one say yes. I think of the words in which one evangelist speaks of the range and extent of God’s gifts to man, not merely that He sends sunlight and rain to good and bad alike, but that He bestowed upon all the gift of His only begotten Son, trusting Him into the hands of us human beings, just because of His ultimate faith in the goodness and possibility of human nature. When I recall these words, I, for one, dare to say yes to the claim that we should give to every fellow-man and fellow-woman this lesser but possible gift. I, for one, mean to work might and main to secure for all this boon of plenty, enshrining as it does the possibility of further and endless spiritual adventure.

Summary of Summer Finance

By A. HAMILTON MCINTYRE, C.A.

A PERUSAL of the financial columns of the newspapers during the months of June and July discloses many different views as to current affairs, and yet, at the same time, a sinister unanimity.

If one is to judge the importance of the subjects dealt with on the basis of the amount of space taken up by them, then the most important question would be—Is a slump coming?—and, if so,—how should we prepare for it? Each writer uses the question not so much to find out the real truth about it as to ventilate his own particular ideas, political or otherwise.

The Government School write on Sound Finance and boost the Prime Minister Mr. Chamberlain as the greatest financial genius of the century. The burden of their writing is devoted to showing, or attempting to show, that the country’s credit is unimpaired and that the borrowing which is now being indulged in is quite a different thing from the borrowing in 1931.

The Opposition School, whose duty it is, of course, to oppose, talk about failure to balance the budget and failure to provide for international debt settlement. Great play is made with failure to control the rate of investment, and fear is expressed at rising prices, and further heavy unemployment at the end of the armaments programme. The never-say-die remnants of the Liberals enter the discussion, to moan about the effect of tariffs on international trade and the tendency to economic Nationalism.

The Oxford School write volubly on the need for preparing an extensive scheme of public works to be undertaken some time in 1938, although exactly when these works are to be put in hand, or what the nature of the work is to be, nobody seems to make very clear.

Mr. J. L. Garvin at the wicket has a try for a 6 when he says:

> "When the Defence programme is completed we shall have to suffer a social setback or find more scope for British exports, such as cannot exist without promoting the expansion of world trade by exchange between nations."

As one reads the above extract, the ball seems to be soaring for the boundary. If Mr. Garvin had stopped at the word "exports" it would have been a 6, but finishing as the quotation does he is quite obviously caught out in the long field.

Consider the quotation for a moment.

"When the Defence programme is completed we shall have to suffer a social setback." What is this social setback? Does Mr. Garvin think it is more genteel to make guns than to make butter—or is he thinking of the employees engaged in the production of armaments who will, after that production ceases, suffer the social setback of exchanging their pay envelopes for public assistance relief bills? Or is it the nation that is to suffer a social setback in its authority among the other nations? Only the great Garvin knows!

Now consider the alternative to this social setback. We must "find more scope for British exports." Well, well! Is it not just for this that the rearmament programme exists? Has it not been undertaken to put us in a better position to refuse other nations' goods and force our own upon them?

Now let us take the last section of the quotation. We cannot tell whether Mr. Garvin was so much carried away with himself that he had to add this, or whether he really believes that more employment can be achieved in Britain by a mere exchange of goods between nations. Obviously it cannot, and we must give him credit for having really, at the back of his mind, the possibility of an increase in the "favourable" balance of trade. How then are we to explain the last bit of the quotation? Is it dope, or bluff, or sentiment? I give it up. He is caught out and we will just let him go back to the pavilion.

So much for the boom and slump argument.

The other questions discussed are the *freeing of world trade, the gold standard, the question of gold surpluses or deficiencies,* and what is called *healthy investment* as opposed to what is called *speculation*. It is as if all these different questions had been, like chopped vegetables, put into a pot, and stirred and boiled and mashed and seasoned, until the ingredients became so merged into one another that they were unrecognisable. This is perhaps a poor analogy because in the case of the pot we should at least get a more or less sustaining broth, but in the case of the newsprint all that develops is the most feeble and un-nourishing of mixtures for the mind.

It may be that it is the purpose of the articles on Finance to create such confusion of thought that even the alleged economists, professional or amateur, will be sidetracked from the real issue at stake. To anybody in control of the selection of news it is an easy matter to create such confusion. The actual contributors themselves appear to be only too willing to be used as innocent tools for this purpose.

The French financial crisis, after taking up a great deal of space in the newspapers for some time, has suddenly disappeared from the news. This would be remarkable if financial crises were directly related to reality, but as they are only a part of the general illusion, their sudden disappearance seems to cause little question. The manner in which the financial news game has been worked for many years has made the public used to the sudden appearances and disappearances of financial crises, and there is always another question ready to be put forward to distract attention. It must be that the dropping of the publicity given to financial affairs in France means that the powers that be have already achieved their purpose and are, in the meantime, content with the state of affairs.

It would be of the greatest interest at this time to know how the financial powers are aligned with regard to the situation in Spain. Is there, in international finance, a left wing and a right wing? What groups are mortgaging General Franco?—and what other groups are mortgaging the Madrid government? News dealing with these questions would be news indeed, but, so far as I am aware, nothing has been allowed to leak out in the Press which gives any indication of the correct answers to these questions. Perhaps when the struggle between the two forces in Spain comes to an end some inkling will be available as to the financial line-up.

The Shape of Things Past

By R. L. Northridge

IT is a common sight to see, among the players gathered round a roulette-table, several optimistic spirits writing down the winning numbers as they are declared. They act thus in the hope that, by the collation and analysis of their records, they will be able to detect some underlying and formal relationship between the numbers as they have appeared, which will in turn enable them to predict with success future sequences to their ultimate profit.

These numbers are a part, however insignificant, of history, and it would seem at first sight no more possible to reduce the whole to a formal pattern than to detect method and order in the least of its amorphous fragments. Yet such a conclusion would be mistaken. The factors involved are neither so numerous nor so mutable as to give an entirely haphazard result; the biological nature of man and the physical properties of his environment are, if not constant, subject only to a relatively narrow range of modification. We may therefore expect to find, below all the purely fortuitous and unessential happenings that provide the facade and decoration of history, a structure that is constant and independent of the outward forms.

Taking the longest possible vista, and a purely objective viewpoint, it becomes obvious that life on this planet has been engaged fundamentally in a struggle for control over environment. Until some measure of success, however temporary, was obtained in this direction, nothing else was possible. At first, the struggle was waged blindly; of late the evolution of consciousness has brought an accelerating success. Freedom is the goal, and Nietzsche's "Free for what?" is irrelevant here. We have no answer to the question, and, in any case, it is not our business. We may, however, expect to find the closest of connections between the struggle for freedom and the record of past actions that we call history. Indeed, according to Kant, history is "the evolution of the idea of freedom."

Here we encounter a danger. "Evolution" cannot be taken as meaning a continuous and linear progression from Adam (or the Neanderthal man) to the present day; "up and up and up, and on and on and on" is a piece of Parliamentary nonsense. In the first place, all the available evidence goes to show that evolution does not work in this manner, and in the second, Spengler and others have shown that history exhibits no such progression. The idea of unlimited progress in a straight line appears to have been a product of the Victorian imagination and was born of an effort to evade responsibility for the future. Some "Power not ourselves that makes for good" was presumed to be attending to that.

Spengler's "Decline of the West" is equally a product of its time, and its doctrine of historical determinism was eagerly accepted in the mood of disillusion and disgust that marked the conclusion of the war. That history moved, and must always move, in a series of purposeless and similar cycles, each bearing within itself the seeds of its own inevitable dissolution, was a theory that commended itself strongly at a time when human affairs had been very obviously mismanaged. If the destiny of this civilisation were fixed by unalterable law, no particular blame could attach to anyone for the most appalling catastrophes, nor could any conceivable wisdom avert the "death by inward necessity" that had already blotted out the great Cultures of the past and now lay in wait for our own.

Nevertheless, "The Decline of the West" was merely another attempt to evade responsibility for the future; that this evasion was reasoned, scholarly, and had a sort of noble stoicism in its renunciation of any future whatever, merely made it more dangerous. For there can be no reason to suppose that the age-old struggle with environment has now become a sort of recurring decimal; to leave evolution out of account altogether is no better than the Victorian concept of eternal and undeviating progress. Whether we like it or not, the future is being made here and now by each one of us.

There is no reason to reject Spengler's analysis of the past: the correspondence he traces between the life-histories of the historical cycles he examines is too close to be fortuitous. Moreover, such a correspondence is to be expected, since each is spurred by the same needs towards the same goal. It is true that each Culture has differed fundamentally from the others in its thought processes—its art, its mathematics and its philosophies, we can never know, for example, what the world looked like to a citizen of Periclean Athens. Nevertheless, to return to the original argument, we may be quite certain that the Athenian citizen's immediate objective was increased control over his environment, though the powers and aptitudes he brought to bear upon the problem differed materially from our own.

In spite of these differences, however, the problem was attacked by every Culture in the same manner—by exploiting the increment of association. That the forming of communities and the gradual specialisation of labour were probably a blind following-up of the most promising avenue is irrelevant. The fact remains that up to a point this process produced results.

As the community increased its size, its knowledge of productive technique and its fixed capital, it acquired an increasing freedom, at least physically, from the restraints imposed on it by nature, or by other communities. Unfortunately, if a man is to take part in a large-scale organisation, he must place himself, at any rate temporarily, under the control of those directing the enterprise (whether military or economic), and such domination invariably tended to exceed the bounds imposed by necessity or by justice. The reason for this usurpation may be left to the psychologists; here it need only be observed that the cruder methods of domination were political and, the more subtle, financial.

To begin with, then, the rising Culture obtains increasing freedom for its participants; there is a period during which the arts flourish, ownership of land (or the beneficial use of it) and the means of production are widely spread, and, if political encroachments upon liberty are successfully resisted, there is an expanding sense of security and progress. Up to the present, however, political or the more insidious financial restraints have in the end proved victorious. Little by little, the increasing power over nature is offset by the growing political or financial control; stark force or else the hypnotic effect of an "inexorable" system produces a net loss of liberty. The Culture crystallises into the Civilisation; the arts die, the neurosis of imperialism sets in, and gradually the life goes out of one more failed experiment.

Over and over again history has demonstrated that a stable society is possible only if the individuals comprising it receive what they, consciously or unconsciously, are co-operating to receive. If they do not, there is no need to look further for the cause of the breakdown, which is not necessarily a matter of insurrection from within or of armed attack from without. Its fundamental symptom is a slow rotting of the vitality and the will, a quenching of the spontaneous genius of the Culture, a dead end to its sciences and its arts. Where there is no freedom there can be no growth, and where there is no growth there is decay. At the beginning of the process there is a delusive increase in efficiency. The earlier spirit, as yet unimpaired, can under a centralised control and a rigid discipline perform miracles of imperialistic (or industrial) expansion. It is the beginning of the end.

Thus the Roman populace, feared by the whole world, lived in appalling misery in many-storeyed lodging-houses in dark suburbs: many famous families of the old nobility lost their ancestral homes through standing apart from speculation (cf. Crassus) and were reduced to renting wretched apartments. Four-fifths of the wealth of the city was in the hands of nine banking families. There was restriction of production. Monopolies to raise prices were not unknown, though the penalty for this under Diocletian was death.

The decline of Classical Civilisation was, beyond all else, due to a failure in the sphere of practical democracy, and its close correspondence with our own era has been repeatedly commented upon. "What is the hallmark of a politic of Civilisation today, in contrast to a politic of Culture yesterday?" asks Spengler. "It is for the Classical rhetoric, and for the Western journalism, both serving that abstract which represents the power of Civilisation—*money*. It is the money-spirit which penetrates unremarked the historical forms of the people's existence, often without destroying or even in the least disturbing those forms . . . Though forms subsist, the great political parties nevertheless cease to be more than reputed centres of decision. The decisions in fact lie elsewhere. A small number of superior heads, whose names are very likely not the best-known, settle everything, while below them are the great mass of second-rate politicians—rhetors, tribunes, deputies, journalists—selected through a provincially-conceived franchise to keep alive the illusion of popular self-determination..."

"It was in the conception of money as an inorganic and abstract magnitude, entirely disconnected from the notion of the fruitful earth and the primitive values, that the Romans had the advantage of the Greeks. Thenceforward any high ideal of life becomes largely a question of money. Unlike the Greek stoicism of Chrysippus, the Roman stoicism of Cato and Seneca presupposes a private income..."

"It is possible to understand the Greeks without mentioning their economic relations; the Romans, on the other hand, can only be understood through these. Chaeronea and Leipzig were the last battles fought about an idea. In the first Punic War and in 1870 economic motives are no longer to be overlooked..."

To Spengler, the obvious similarity visible in the decline of the Cultures he examined meant that such a decline was inevitable; it was a natural and orderly process corresponding to the aging and death of a man. Mankind had no collective will or purpose, any more than the family of butterflies or orchids, and all future history must repeat the purposeless cycles of the past.

To affirm that a purpose does not exist merely because it has not been perceived by the observer is not in the best scientific tradition. It would probably have been difficult, for example, for a conscious observer (had one existed) to discover the purpose behind the modifications preluding the development of wings, at the time when such modifications were taking place. If, as has been suggested earlier, the decline of each cycle has been caused by a species of disease—the failure of each Culture to solve the problem of implementing the desires of its individual members—a purpose, or at least an objective, becomes apparent, and even the varying capabilities of each Culture become understandable as trial-and-error variations to overcome a recurrent biological obstacle. In any event, *the rise of a society offering a continually increasing control over environment to the individuals composing it would render all deductions from past records inapplicable*.

The peculiar talents of this civilisation, with its mathematics of "becoming," its strong sense of time, and its extraordinarily fruitful Baconian method of attack upon physical problems, have made possible a degree of individual control over environment unapproached by any Culture of which we have record. This freedom remains as yet only potential: until it becomes actual, there is nothing to arrest the progress of the Spenglerian decline. If, on the other hand, a community, stable by reason of fulfilling the desire of its individual members for freedom and security, comes into being, a biological barrier has been passed and no man can tell what may be upon its further side. Even now it can be seen that Spengler was over-hasty in proclaiming, for example, that modern mathematical physics had come to a dead end; Serialism would appear to have opened up fresh possibilities in its multi-dimensional treatment of the motion problem.

We stand, then, at one of those moments that must have been reached by each Culture in turn, so far without averting a plunge into that barbarism from which a fresh attempt at an ordered society has slowly and painfully emerged. More, by reason of the discoveries of the past 150 years, we possess an opportunity such as never men had throughout the immense vistas of human history. Within the next few years that opportunity must be either seized or lost, and the magnitude of the issues at stake is, as always, the measure of the penalty for failure. Any attempt, however plausible, to evade responsibility for this choice is both futile and disastrous, for there can be no evasion of the penalty.

Extract from the Speeches of Edmund Burke

"The legislators who framed the ancient republics knew that their business was too arduous to be accomplished with no better apparatus than the metaphysics of an undergraduate and the mathematics of an exciseman. They had to do with men, and they were obliged to study human nature . . . It is here that your modern legislators have gone deep into the negative series and sunk even below their own nothing.... They reduce men to loose counters, merely for the sake of telling, and not to figures whose power is to arise from their place in the table."

Dictatorship by Taxation

By Major C. H. Douglas

A speech delivered in the Ulster Hall, Belfast, on Tuesday, November 24, 1936.

I AM speaking to you tonight on one of the mechanisms—an increasingly important mechanism—through the agency of which the members of the financial oligarchy under which we suffer impose their will upon us.

It is important to understand this mechanism, at any rate in its broader aspects, but I should like to impress upon you at the outset that even an exact and extensive understanding of it can be regarded as having any practical use only if it acts as an incentive to recruiting you for organised action. It is the action that counts. As someone said in regard to the international situation, "It is no use having the logic if you have not got the guns," and that is profoundly true in regard to the matter on which I am speaking to you tonight.

It is no use realising that taxation is legalised robbery, is unnecessary, wasteful, and tyrannical. If you stop at that, not only will you have to pay the taxes that you now have to pay, but, as Sir Josiah Stamp, one of the Directors of the Bank of England, suggested a short time ago, with that engaging candour which we are beginning to expect from the Bank of England, "While a few years ago no one would have believed it possible that a scale of taxation such as that at present existing could be imposed upon the British public without revolution, I have every hope that with skilful education and propaganda this scale can be very considerably raised."

The Old Tithe Was Necessary

It is impossible to get a sound and clear understanding of taxation by any consideration of money figures or statistics, as at present compiled, since there is no relation between facts and money. It is essential to begin by a consideration of real, i.e., physical, economics as distinct from money economics. For instance, the old and original tithe was a genuine and justifiable tax. It consisted of one-tenth of the agricultural production of the taxed land, and this agricultural production so collected was handed over to the Church for the physical maintenance of the clergy and their dependants, it being assumed that the clergy were too busy with other matters to raise their own crops. It may be recalled that the word "clergy" is derived from "clerk" and that it is to clerks that we owe (and pay) our taxes.

Now it is obvious that the physical meaning of this to those who paid the tithe was that they did a small amount of extra work or, alternatively, had a little less to eat themselves. There was nothing in such an arrangement, which could, or did, result in a loss to the community on the one hand, or, on the other, make it impossible for the agriculturist to live.

But now consider the fact of a money tax upon agricultural land, which is the form the tithe has now taken. It is imposed quite irrespective of the value of anything which is produced upon the land, and its effect is simply that of an overhead charge upon anything which is produced. If a farmer owns the land he farms and has to pay title upon it, the tithe appears as a cost of production and increases the price that he must charge in order to live off his farm. If he cannot raise his price, which is generally the case, he makes a money loss, and ultimately ceases to farm, because he does not grow money, he grows produce, and money is demanded from him.

This is exactly what has happened in England, where three million acres of farming land have gone out of cultivation since the War. But the evil does not stop there. Since the farmer does not make a reasonable living, he does not keep his land in good order and he has no money to spend upon the products of other industries. It is beyond all question, and it is, of course, obviously common sense, that all taxation which does not go into the pockets of the poor lowers the standard of living, and the margin of security is lowered by any taxation which discourages enterprise.

There could be only one fundamental justification for taxation—that, with the whole of a community in maximum employment, not enough was being produced to maintain the total population by reason of the excessive consumption of a small proportion of the population.

In fact, the whole theory of taxation as a justifiable expedient rests upon two propositions; first that the poor are poor because the rich are rich, and therefore that the poor would become richer by making the rich poorer; and secondly, that it is a justifiable procedure to have a system of accumulating riches, and to recognise that this system is legitimate, while at the same time confiscating an arbitrary portion of the accumulated riches. The latter proposition is very much the same thing as saying that the object of a game of cricket is to make runs, but if you make more than a small number they will be taken off you.

Please allow me to emphasise the point that I am in complete agreement with those who contend that some individuals are unduly rich, just as I am absolutely confident that taxation is not the remedy.

Confusion Between Money and Real Wealth

Now the first of these fallacies—that the poor are poor because the not-so-poor are not-so-poor, and that the poor are made richer by making the richer poorer, arises out of the confusion between money and real wealth. It is assumed, in the first place, that the equality between real wealth and money is absolute, and that, therefore, if an individual has a large amount of money in comparison with his neighbour the whole community will be raised in its standard of living if the richer man is taxed, even though the poor man does not get the money—which, in fact, he rarely does.

The absurdity of this argument, as apart from other aspects of it, is evident if it be applied, say, to the question of the ability of a proportion of the population to buy Rolls-Royce cars. If one imagines all the purchasers of Rolls-Royce cars to be taxed so that they no longer can buy Rolls-Royce cars, it does not, of course, mean that the poorer portion of the population buys Rolls-Royce cars; it merely means that Rolls-Royce cars are not produced. This would be a perfectly satisfactory state of affairs if the production system was lacking in some production which the freeing of men from making Rolls-Royce cars would enable them to produce.

We see exactly this state of affairs in wartime, when luxury production ceases, but in peacetime we know perfectly well that we have what is called an unemployment problem, that is to say, a surplus production problem, and that, under the existing financial system, the inability of anybody to buy Rolls-Royce cars would merely result in an increase of unemployment, and that the present financial system regards full employment as being the best method of keeping us in slavery to financiers.

All the preceding arguments lead up to, and are, in fact, dependent upon the proposition that the production of real wealth—that is to say, all the things which money can buy—is entirely separate from the production of the money with which to buy them, and that in taxing anyone but a banker we are merely increasing the value of the bankers' monopoly of money-making.

It is, fortunately, not nowadays necessary to develop this argument at any great length, since the facts are not in dispute in any responsible circles. The Encyclopaedia Britannica in its article on money, volume 15, states, "Banks lend by creating credit. They create the means of payment out of nothing"; or, as the Chairman of the Midland Bank puts it, "The amount of money in circulation varies only with the action of the banks."

Since our civilisation is a money civilisation, and we none of us can carry on our daily pursuits without the possession of money, it is obvious, in the first place, that this situation places us ultimately at the disposal of the banks, and that increased taxation by lessening the amount of money at our disposal increases this hold that the banks have upon us.

The first point, therefore, on which to be clear, even without enquiring as to the destination of the money, is that the heavy taxation under which we suffer works directly to the advantage of financial houses which control the banking system. But if you will look at the back of your tax demands, you will find that the total amount received from income tax, sur-tax, and death duties, is approximately equal to the amount required to pay the interest on the National Debt, and that other forms of taxation supply the money for social services, to the extent that it is supplied.

Creators of National Debt

Now the National Debt in 1913 was £706,000,000, and in 1935 was £7,945,000,000, or ten times as much, and it is steadily rising. Probably 80 per cent of this debt was created by the process to which the Encyclopaedia Britannica refers, that is to say, by the banks creating money out of nothing and lending it to the country through the agency of War Bonds and other national securities. Or, to put the matter another way, just as the banks create money out of nothing, so they bought the War Debt for nothing, and our income-tax, sur-tax, and death duties are what we pay them for having created and appropriated for their own use the National Debt.

It does not require much assistance to see that just so long as the population will stand it—and Sir Josiah Stamp assures us that, with care, the population will stand much more of it—we shall go on paying an increased amount of taxes, the major portion of which will go to increase the power of banking institutions and their grip upon the population.

If the stock and bonds which the banks, including the Bank of England, have appropriated in the last fifty years had been placed to the credit of the community, not only should we be free of taxation but we should be drawing a substantial dividend.

A common objection to this statement is that under these conditions banks would pay fantastic dividends; but this is a misconception. Banks do, in fact, pay high dividends upon a comparatively small capital, but the stupendous profits which are made by the manipulation of the money system on the general principles that I have just been indicating to you, do not go to anybody; they disappear by book-keeping processes, and by the formation of stupendous invisible reserves; and, since they increase the disparity between purchasing power and real wealth, they form a continuous deflation system.

For instance, if you see that the securities held by a bank amount to £100,000,000 sterling, you might suppose that that was the market value of the securities. It is extremely probable, in the case of a British joint stock bank, that every £100,000,000 of securities shown on the balance sheet represents at least $1,000,000,000 of market prices in normal times, and by this process of writing down, which is much more complex than the simple instance just cited, it is possible to conceal profits of several hundreds per cent, per annum, and there is little doubt that it is done. The so-called stability of the British banking system is simply a measure of its grip on the national resources.

Taxation a Tyrannical Fraud

Stripped of its complications, the fact emerges that we live under a system not at all dissimilar to that of a commercial company with unlimited liability in which new debentures are constantly being issued and allotted free of charge to the financial system and its controllers, who take no risks and do no creative work. The general population is fundamentally in the position of wage earners, and the taxation upon them goes to pay the interest on these mortgage debentures. The income-tax authorities are in the position of accountants, and debt collectors acting in the interest of the debenture holders.

We are, every one of us, in debt to these debenture holders, even though some of us may hold debentures, and the policy is to load us individually and collectively with debt so that we shall be the slaves of our debtors in perpetuity.

It is impossible to obtain the money to pay off the debt, owing to the fact that our debtors are at the same time in sole control of the power of creating the money, which is required to pay off the debt. Taxation is not primarily an economic device, it is a tyrannical device.

Once the meaning of this situation is grasped, it is not difficult to see the general principles by which not merely could taxation be eliminated, but in place of it every individual could be placed in a condition of economic freedom and security.

As I put the matter before the monetary commission in New Zealand, the essential power, which the banks have acquired, is the power of the monetisation and demonetisation of real wealth. That is to say, the power of creating acceptable and accepted orders or demands upon the producing system and of destroying them on recall; and the essence of their fraud upon civilisation is not in the magnificent technique of the system which they employ, or even in the charges which they make for the use of this money which they create, even though these charges, i.e., their interest rates, may be considered in many cases exorbitant.

The essence of the fraud is the claim that the money that they create is their own money, and the fraud differs in no respect in quality but only in its far greater magnitude, from the fraud of counterfeiting. At the instigation of the banking system, barbarously severe penalties are imposed upon the counterfeiter of a ten-shilling note, but a peerage is conferred upon the counterfeiter by banking methods of sums running into hundreds of millions.

May I make this point clear beyond all doubt? It is the claim to the ownership of money, which is the core of the matter. Any person or any organisation who can create practically at will sums of money equivalent to the price values of all the goods produced by the community is the virtual owner of those goods, and, therefore, the claim of the banking system to the ownership of the money which it creates is a claim to the ownership of the country.

Futility of Bank Nationalisation

If you are willing to admit that this ownership is justified there is nothing to be said; but if you are not—and I do not suppose in Northern Ireland (where there seems to remain a spark of that independent character which is apparently disappearing from England) that you are—do not be misled by any such phrase as "The nationalisation of banking."

The State and the banking system are very nearly one and the same thing at the present time and are wholly one in policy. While the Bank of England is a private bank owned by international financiers, the Treasury plays straight into its hands, and the nationalisation of, for instance, the Bank of England, would mean the transfer of the Treasury into the Bank of England rather than the transfer of the Bank of England into the Treasury.

The Commonwealth Bank of Australia is a Government Bank, but its policy is identical with the policy of the Bank of England; and the same comment is applicable to the Bank of New Zealand, which has just been nationalised with the able assistance of its governor (who was sent out from the Bank of England to do the job), and to the Bank of Canada.

No nationalisation of banking will put one penny into the hands of the individuals comprising the countries over whom it rules, so long as this question of the ownership of money is left unaltered. But if it once be admitted that *the community, not its Government*, is the owner of the money, and the individual, as part of the community, is entitled to his share of it, the situation is obviously very different.

New Zealand Scheme

To fix this idea in your head I will read to you the suggestions that I made to the New Zealand Government at the Monetary Commission in 1934. They have been allowed very carefully to drop into oblivion, which I think is a tactical mistake on the part of the New Zealanders, and which I am sure will be repaired before many years are past.

i. From the enactment of these proposals no Bank in New Zealand shall distribute a dividend either in or outside New Zealand in respect of operations carried on within the Dominion of more than six per cent (6%) per annum on the subscribed capital.

ii. No Bank shall increase its capital in such a manner as to affect the gross amount of dividend distributed in respect to business carried on in New Zealand except with the consent and through the agency of a legal enactment of the Dominion Legislature. Within three months from the enactment of these proposals every Bank operating in New Zealand shall make an exact return of its assets, specifying in particular all stocks, shares, and debentures purchased by the Bank, the prices paid, and the prices at which such stocks, shares and debentures are held on the books of the Bank for the purpose of the annual balance-sheet.

The same procedure shall be adopted in regard to all real estate, buildings, and all other immovable property, together with furniture, fittings, and appliances in the Banks' ownerships. Such statement shall include a sworn valuation of the current market value of all such assets at the date of the return, such valuation to be made by an independent surveyor or valuer.

iii. Where it is found that the figure at which such assets are held on the books of the Bank for balance-sheet purposes is lower than the market value as obtained by the sworn valuation, an amount equal to such difference shall be transferred to an account to be known as "Suspense Account No. 1." Where the Bank in question operates in other countries than New Zealand, a complete return shall be rendered and a proportionate allowance for external business shall be made.

iv. All profits earned by the Bank from any source over and above the amount necessary to pay a dividend of 6 per cent, shall be transferred to an account to be known as "Suspense Account No. 2."

v. Six months from the enactment of these proposals an amount equal to 50 per cent of the amount standing to the credit of Suspense Account No. 1 shall be applied to a reduction of the overdrafts debited to the customers of the Bank, such appropriations being made pro rata on the basis of the average overdraft of the Banks' customers for a period of three years preceding the date of the enactment of these proposals, and such appropriation of half the balance of this Account shall be made annually thereafter.

vi. One month after the publication of the annual balance sheet of any Bank, an amount equal to seventy-five per cent (75%) of the amount standing to the credit of Suspense Account No. 2 shall be applied to the reduction or reimbursement of interest paid on overdrafts by the Banks' customers, such reduction or reimbursement being made upon the same pro rata basis as that laid down in paragraph v.

vii. A similar procedure to that laid down in the preceding paragraphs shall be applied to the accounts and assets of all Insurance Companies operating in the Dominion, with the exception that the funds required for (Insurance) Suspense Account No. 1 shall be provided by rediscounting the disclosed reserve with the New Zealand Reserve Bank, and that the disposition of the funds so provided shall be as in the following paragraph:

Fifty per cent (50%) of the amount to the credit of (Insurance) Suspense Account No. 1 shall be applied annually to pay for the preference shares or debenture stocks applied for by any natural-born New Zealand subject over twenty-one years of age, to the extent that applications for shares to be paid for by this fund can be met. Such shares shall be allotted pro rata to the applicants without charge, and shall be registered as non-transferable and as not good security for loans. On the death of a holder, or his permanent residence outside the Dominion, such shares shall be cancelled.

viii. (Insurance) Suspense Account No. 2 shall be retained as a Dividend Equalisation Fund to ensure that the dividend on all preference and debenture stocks allotted under the preceding clause shall receive a dividend at the agreed rates. Should this fund increase at a rate exceeding five per cent (5%) per annum, such excess shall be allotted to a pro rata increase in the dividend on such shares as have been subscribed for under Clause vii.

ix. These proposals are intended for consideration in the light of the correspondence which precedes and accompanies them.

* * *

If the present system of taxation consisted, as it does, of an organised system of robbery but without any other objectionable aspects, it would, in all conscience, be unjustified. But in the past few years, and particularly since the War, another feature of it has come into prominence, although there is very little doubt that it has always been contemplated. I refer to the use of the taxation system as a method of inflicting punishment without trial and at the discretion of anonymous individuals.

As an example of what I mean I might say that, since my own efforts to explain the nature of the taxation have come into some prominence, I have been consistently pestered by various assessments for income-tax which require a great deal of time, expense, and trouble to dispose of. Even if and when disposed of, they constitute a serious additional tax, since it is inevitable that skilled legal assistance be employed in connection with them and much data collected, and, of course, the cost of this is not reimbursed.

It would be incredible, if it did not happen to be true, that a system which allows a claim to be made upon you, leaving the trouble and expense of proving that it is not justified upon the shoulders of the person assessed and that no redress for unsubstantiated claims is possible, would be tolerated; but that is exactly the position of the taxation system. It is, of course, exactly the reverse of ordinary business procedure, where a claimant for services rendered can always be put in a position of proving his claim.

The system employed traverses the fundamental principle of British justice, in that it forces you to give evidence against yourself.

During the War I had some contact with the more hidden side of politics, and I was informed that income tax was a favourite device for penalising anyone unpopular with the authorities. The same sum in taxation could be raised far more cheaply and with infinitely less friction by simple taxes, such as sales taxes, or other straightforward devices, even if it be granted, which of course is not the case, that the taxation was necessary.

The recent commission upon the simplification of income tax stated that many of its provisions were "frankly unintelligible to them and that only the skilful administration by the Inland Revenue officials had made them workable." This is exactly what they are intended to be, thus leaving the power over the individual for taxation purposes in the hands of the bureaucracy.

Lord Hewart of Bury, the Lord Chief Justice, has done invaluable service in drawing attention to this particularly objectionable form of tyranny.

But there will be no alleviation from it so long as political power is allowed to rest in the hands of the oligarchy, which rules us at present.

I have devoted a good deal of my time and yours tonight in making and, I hope, making beyond any possibility of discussion, the point that, so far from being taxed for our membership of a potentially prosperous undertaking, we ought to be receiving dividends; and the reason that we are not receiving dividends is that so much of these dividends as they require are annexed by international finance, while the remainder are concealed in invisible reserves, so that by the lack of them we may be made servants of the banker, and that, by means of economic deprivation and taxation, he may punish any rebellion against his rule. But I would repeat a phrase, which I quoted at the beginning of my address, " It is no use having the logic if you have not got the guns."

Let me emphasise what I mean in this connection, because I have been accused of advocating rebellion against the State. Nothing of the kind. What I am telling you is that either you are the State and you can change what you do not like, or else the State is your enemy; and that all the powers of the State derive from you and have been usurped from you to the extent that they have been separated from you. I am confident, with a confidence that nothing will shake, first of all, that a genuine democracy of policy is the fundamental basis of association, and that no association which disagrees with this idea can continue.

Therefore, the first requisite is to get into your consciousness as a living, driving, motive force that this is your country and that the conditions in it are your responsibility, and that Government officials are your servants and not your masters, and that the sooner that they are told it in unmistakable terms the better it will be for you and the better it will be for them.

At the present time we live in a false and completely ineffective so-called democracy, really an oligarchy of the worst possible kind. Not only is an open and genuine dictatorship preferably to an oligarchy masquerading as a democracy, but it is a sure and certain outcome of it. I do not believe that the people of these islands will tolerate an open dictatorship, but, unless you take action, an open dictatorship will be tried.

Once having got it into your minds that yours is the real power if you would only exercise it, the mechanism existing at the present time, with very slight modifications, is easily sufficient to make your power effective if you will bear certain fundamental considerations in mind.

Don't imagine that a question of democracy has anything to do with leadership. Democracy and leadership are a contradiction in terms. There is more room for leadership in the world than ever there was, but your leaders should be your servants not your masters.

Don't waste your time looking round for someone who is going to do the job for you, you won't find him. If you won't do it yourselves, it is not going to be done. Take your present Members of Parliament just as you find them and disabuse them of the idea that they are heaven-sent geniuses, whom you have elected to run the country for you. They don't run the country anyway, but you let them think that they do. Your Members of Parliament are elected to represent the common will, not the uncommon intelligence. The proper place for intelligence is in the ranks of the technicians who should be the servants of the common will.

With the common will goes the common power, that is to say, the Army, the Navy, the Air Force, the police, and the other sanctions of the Crown. It isn't necessary and it is obviously utterly impracticable for you to organise an army, navy and air force to fight the State. The State has them already, and the State is your State. Make it perfectly clear that you are going to have it used for your purposes and not for the purposes of the oligarchy.

In this connection, perhaps I may emphasise the absurdity of talking about systems, as if systems could be run without men. Deep down below questions of finance the fundamental issue, which is at stake in civilisation at the present time, is that of personal responsibility.

You cannot fight a system, you can only fight the people who put a system into operation. You cannot fight robbery, you can only fight robbers. You cannot fight malaria, you can only destroy mosquitoes. One of the most pestilential features of our present civilisation is the idea that if someone is paid by an organisation to do an injustice, the responsibility for the injustice lies upon the organisation and not upon him.

Make no mistake about it, there is no justification for such a theory in the working of the universe. If you put your finger in the fire at the orders of the company which employs you, it is you who will be burnt, not the company. When a Government department inflicts some limitations of your liberty upon you, it is not a Government department which is doing it, it is some individual, and he does not inflict it upon an abstraction called "The Public," he inflicts it upon John Smith or Mrs. Brown.

You will never get effective action in connection with matters of the description that we are discussing tonight if you allow those who put the system into operation to disclaim responsibility for their particular share in it while benefiting by their aid to the so-called system.

If tax collectors had to add out of their own pockets ten per cent to the money they collect, we should all have much smaller assessments. The restoration of the conception of the responsibility of the individual for his acts, whether or not those acts are done under the orders of someone else is, in my opinion, essential to a better and more stable world, and I would particularly commend to your attention the habit of identifying actions with men rather than with systems.

You will, in fact, be assisting those men to recognise their responsibility, which it is obvious is far from being the case at the present time.

It would be an impertinence for me to comment on local politics, and I have no intention whatever of so doing. But I would emphasise the immense advantage possessed by small and comparatively mobile communities in obtaining control over their own policy, and urge you to resist any suggestion which would diminish that advantage. It is the settled policy of international finance to diminish local sovereignty, and it should be your policy to increase it.

In conclusion, perhaps you will allow me to express my opinion that in this matter it is now a fight to the finish. Within the next few years you will either become subjects of a servile State, exceeding in powers anything known in history, quite possibly well-fed and even secure—just as many slaves were well-fed and secure in the days of chattel slavery and resented their freedom—or you will, but only by means of the greatest struggle in history, have achieved all these things, together with freedom—freedom of speech, freedom of action, immense leisure, immense opportunity.

No one is going to get these things for you. You must choose whether you want them, and if you decide that you do, you must take action almost without a moment's delay.

The Electoral Campaign

We have in Belfast, and, in fact, all over the world, a mechanism known as the Electoral Campaign which, with the proper spirit behind it, can make the Government your servants. We have provided you with the mechanism, you must supply the spirit.

The principles involved in it have been tried in many places and have never failed. The soldiers' bonus in the United States was forced through Congress against the bitter opposition of all the financial interests by exactly the methods we are asking you to employ. When Mr. Roosevelt was accused of yielding to pressure from financial interests, he replied with, in my opinion, complete justice, "It is my business to yield to pressure."

You, the individuals whose interests are always at stake in matters of policy, who are killed, wounded, maimed, poisoned, in every war, who are starved and broken in every industrial depression, who work long hours under, in some cases, unpleasant conditions for objects from which you do not benefit—you are the people who never apply any effective and continuous pressure to the Government. I sometimes think that the better intentioned amongst the ruling oligarchy propound their calculated insults from time to time in order to sting you into awareness of the situation.

Let us send them a message from Northern Ireland to assure them that they have succeeded.

1831

From the Speech of Thomas H. Benton to the American Senate on February 2, 1831

"I object to the renewal of the Charter of the Bank of the United States, because I look upon the Bank as an institution too great and powerful to be tolerated in a Government of free and equal laws; and this power it possesses to a degree and extent that will enable the Bank to draw to itself too much of the political power of this Union, and too much of the individual property of the Citizens of these States."

"To whom is all this power granted? To a Company of Private Individuals, many of them Foreigners."

Mr. Hawtrey's Giraffe—Part II*

By W. L. Bardsley

IV

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

THE much-abused but resilient A + B theorem is still a thorn in Mr. Hawtrey's flesh, and he has what he evidently regards as a new and devastating criticism to make, since he makes it twice; once in the introduction to his book * and again in the chapter devoted to Social Credit. The argument is so neatly condensed in the introduction that it will serve well here to open the subject. This is what he says:

> "The concept of a deficiency of purchasing power, on which the whole fabric of Social Credit is built, means two different things, and not merely different, but contrary. At one stage it means an excess of money over goods and a consequent dilution of purchasing power by a rise of price; at another stage it means an excess of

goods over money. The tacit assumption in the mind of the supporter of social credit is that, if the excess of money over goods co-exists with the excess of goods over money, the deficiency of purchasing power is doubled. With this impregnable redoubt in the background the conflicts over the outworks are mere skirmishes. All the arguments of the orthodox economist are put out of court because he has missed this fundamental principle."

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

Dear Mr. Hawtrey. That last sentence is meant to be sarcastic, of course, but what a funny thing the subconscious is. Perhaps he had a fleeting memory of having said something three years before which contradicted his new argument. It is a fact that in his debate with Major Douglas at Birmingham he gave a brief outline of the best orthodox account of how goods and services are produced and distributed, while money is created, issued, withdrawn and destroyed, with a description of a period of inflation followed by deflation. It would be tempting to criticise this account, particularly where he begged the whole question which was being debated in one crisp sentence: "Payments by one trader to another cancel out." But we are concerned here only with the concluding sentence:

> "This account of the relation of the credit system to productive activity differs from that of Major Douglas in that it reaches the conclusion that an excess of demand is just as likely to occur as a deficiency."

Careful comparison of this conclusion with the new argument discloses that Mr. Hawtrey has discovered that the A + B theorem does take into account an "excess of demand," but that (oh, horror!) it treats it as a dilution of purchasing power. This Social Credit is even worse than he thought it was. The curious thing is that he admits, as will be seen, "the rise of prices which is caused by the dilution as a decrease or deficiency of buying power. That usage," he says, "is quite defensible, for the rise of prices does diminish the command over goods represented by a given money income."

It is as if Mr. Hawtrey, confronted by a giraffe, exclaimed, "There it is, but I don't believe it."

Now the curious thing is that Major Douglas actually supplied at Birmingham the clue to the reconciliation of the apparent contradiction that worries Mr. Hawtrey so much. He said:

> "When Mr. Hawtrey says that it is possible to have an excess of demand, I think what he means is that it is possible to have an excess of demand for consumable goods, in which I agree with him. It is possible to have this excess of demand by making a large quantity of goods which are not intended to be sold to the public and using the purchasing power distributed in making these goods to buy consumable goods."

After that it was really rather criminal of Mr. Hawtrey to be so slipshod. He should at least have said "an excess of money over consumable goods." The whole passage is sloppily worded in the eyes of a Social Crediter, trained to accuracy of expression (note, for example, how he misuses that word "doubled"), but Mr. Hawtrey is an economist, and moreover could plead that the passage quoted is only in the introduction. That, however, is no excuse for leaving out the word "consumable." Besides, it is also left out in the main argument.

V

Mr. Hawtrey begins his main argument on page 296 by summarising the A + B theorem (quoted in full below).* Summaries of the A + B theorem are frequently misleading, but, as Mr. Hawtrey's argument is not affected, there need be no complaint about this one in its context. He then makes a remark that calls for extended comment before proceeding to his main argument.

> "The sentence 'A will not purchase A plus B,' has been taken both by critics and by supporters of Major Douglas to mean that there is an inherent deficiency of demand. This interpretation has derived support both from the nature of Major Douglas's remedy, since his subsidy takes the form of the creation of additional purchasing power, and also from some direct pronouncements of his own."

* THE A + B THEOREM

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 description grouped under A.

(Quoted from the Statement of Evidence submitted by Major C. H. Douglas to the Macmillan Committee on Finance and Industry, May, 1930.)

I should like to make a plea here for the King's English and for commonsense. A theorem is not a parable that it should require interpretation; it is a proposition which can be demonstrated by argument to be correct or incorrect. Mr. Hawtrey is engaged upon the attempt to disprove it, and it is his business to deal with what Major Douglas actually says and not with anybody else's so-called interpretation of it.

The sentence "A will not purchase A plus B" means one thing and one thing only. * Mr. Hawtrey, in the last sentence of his chapter, compares some of Major Douglas's calculations to a misprint in the multiplication table, but here we have simple addition and subtraction applied to symbols. Either A will or will not purchase A plus B. If not, then 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 description grouped under A.

*Removed from its context, to convey its correct meaning, the sentence should be written, mathematically,

$$\frac{da}{dt} \text{ will not purchase } \frac{da}{dt} + \frac{db}{dt}$$

to indicate rates of flow.

Very seriously indeed I suggest that Mr. Hawtrey read the theorem again carefully, and try to understand exactly what it says. It does not just say there is an inherent deficiency of demand, it says something subtly but vitally different from that. It says that there is an inherent deficiency of demand unless something is done to supplement it.

As a protagonist of the orthodox theory that the present financial system is self-liquidating, Mr. Hawtrey has to prove one or the other of two things. He has to prove that the rate of flow of purchasing power to individuals is not A but A plus B, or else that a proportion of the product at least equivalent to B is in fact distributed by a form of purchasing power not comprised in the descriptions grouped under A. In doing so it is not enough for him to make emphatic assertions on the strength of his eminence in the financial world. His theoretical position is that of an eminent professor of Newtonian physics confronted by the challenge of Einstein—orthodox but shaking. But his real position is much worse than that, for he has to defend a theory which is responsible for the existence of a National Debt of £8,000,000,000, with a third of the population unable to spend as much as 6s. a week on food, while measures for limiting the production of food and discouraging the import of food are in full swing for the purpose of protecting *prices*; to say nothing of other evils.

It will be his business to prove that any money apart from A which is used to purchase A + B has not left outstanding any cost which must still be defrayed, and that any cost that has been defrayed is not at the expense of another cost left outstanding.

For example, on page 302, Mr. Hawtrey, dealing with the item of cost known as depreciation, says:

> "If it is invested either in the business itself or through the investment market, it is made available directly or indirectly for the production of new capital equipment, which will generate [he, presumably, means 'distribute'] incomes.
>
> "Nevertheless investment is a separate act, without which the surplus depreciation allowance would tend to cause a deficiency of purchasing power. And it undoubtedly does sometimes happen that such funds, even if not accumulated in cash, are applied to paying off bank advances."

In fact it is admitted here that when a trader charges for depreciation in his price and obtains his price from the public, he does so at the expense of an equivalent deficiency of purchasing power to meet the price of all the goods that remain unsold. But the next point made is that the money so obtained may be distributed again in the production of new capital equipment. Quite so, and, so far as it is paid to individuals, it will be available to buy the unsold goods mentioned above. But it is included as a cost in the charge for new capital equipment, which can be met only by the creation of new money. The deficiency has merely been transferred from one account to another. Again, on this subject of depreciation he says:

> "The practice of applying depreciation allowances to the repayment of bank advances is an absorption of cash. But the tendency to cause a deficiency of demand will be counteracted if the banks create equivalent

advances in other directions. And this they will seek to do in order to maintain their advances in due proportion to their cash reserves."

Unfortunately for Mr. Hawtrey, this is a perfect example of the situation described by the A plus B theorem in actual operation. Here, in quantitative terms, is the situation he has described in respect of one only of the items included in Group B in the theorem.

The price of a batch of goods is A + B, and B is a depreciation charge. The purchasing power distributed in respect of it (according to Mr. Hawtrey) is A, but the trader gets his price A + B, so that the general pool of purchasing power, which we will call x is now x—B; a proportion of the general pool of goods at least equal to B must be distributed by a form of purchasing power to be described by Mr. Hawtrey.

B has been cancelled by the bank and the deficiency remains unless, says Mr. Hawtrey, the banks create equivalent advances in other directions. That is to say, another trader gets a loan and the amount is B, which he uses in his business. He charges it all into his price, so that even if the general pool of purchasing power were thus increased from x - B to x, the price values attached to the general pool of goods have been increased by the same amount B and the original deficiency still remains. Worse, it has been augmented, for when the trader received the loan he used it to create two groups of costs, group A and group B, so that the general pool of purchasing power is still something less than x though more than x - B. So Mr. Hawtrey has his work still to do, and has already made his position more difficult.

If he knew it, his position is impossible, for he has yet to face the fact that Major Douglas has shown in his various works the methods, the efficacy of which is steadily decreasing, by which the present lunatic financial system endeavours to provide the new money with which "a proportion of the product at least equal to B must be distributed," but to do so in such a manner that (a) the power to monetise the credit of the people does not pass out of the hands of the money monopoly which has filched it, (b) the monopoly retains control of the lives of individuals by dictating the terms on which they shall obtain the purchasing power which is their license to live (the most stringent condition being the nerve-shattering necessity to compete for paid work in an employment market steadily depleted by technological improvement), and (c) the monopoly can dictate the policy of Governments who have to borrow all their funds from it and then compete with the price system to extract taxes from a pool of money insufficient to meet both, so that Governments can be solvent only when their people are insolvent.

From all of which it can be seen that Mr. Hawtrey is defending an irresponsible and tyrannical system of government by money. Which brings me back to the main argument once more.

VI

Mr. Hawtrey's main argument must be stated in his own words:

> In the chapter following the enunciation of the A *plus* B formula he [Major Douglas] deals with the creation of credit. When a banker creates credit, for example, by allowing an overdraft, he enables production to take place. The borrower and those who supply him* get to work, and "all those concerns are distributing purchasing power to individuals, in the form of wages and salaries, ahead of production, which causes a rise in the price of existing ultimate commodities, the only commodities that individuals buy" (page 33). This is the dilution of purchasing power already described in "Economic Democracy." Yet on this very same page the A *plus* B formula is summed up in the proposition "that the current flow of wages, salaries and dividends is less, much less, than the current flow of price values of articles produced." The former proposition asserts that there is an excess of purchasing power over goods, which forces up prices; the latter asserts that there is an excess of goods over purchasing power. How are they to he reconciled?

*The argument is taken from "*Credit Power and Democracy*," in which Major Douglas said, "who supply him *with intermediate products*."

After what has already been said every reader will be itching to point out to Mr. Hawtrey the enormity of his error. With apologies to them and in deference to him I must dot some i's and cross some t's. Neither of the propositions asserts either of the things he says they assert. The former is very precise and refers to a distribution of purchasing power *ahead of production* causing a rise in the prices of *ultimate commodities*. The latter refers to the *current flow* of wages, etc., being less than the current flow of *price values* of articles produced.

Purchasing power is not quite the same thing as money; it is money in relation to price. One pound is money and it has the power of purchasing five articles priced at four shillings, but only four if their price is raised to five shillings. Take Mr. Hawtrey's phrase, "an excess of goods over purchasing power." That is not what we should say; it is not precise—try it with five articles and a pound; you will find it depends on the price of the articles, and Mr. Hawtrey does not mention the price. What Major Douglas says is that the current flow of wages, etc., is less than that of *prices* of articles produced. That is precise—try it with five-articles-a-week-at-five-shillings and a-pound-a-week.

The two propositions that have to be reconciled for Mr. Hawtrey are not what he says they are. It is very easy for Mr. Hawtrey to be superior and devastating about propositions he has mangled to suit the easy flow of his pen. It would be very easy to score off him by rewriting the propositions in some way which suited me, so I invite the most careful and suspicious scrutiny of what I am about to say by way of reconciling two propositions which are made by Major Douglas.

They are two propositions, and they are separate. One is a major and the other a minor proposition. To take the major first, contained in the A + B theorem (quoted in full on previous page), it is contended that there is an inherent deficiency of purchasing power in relation to prices if purchasing power and prices are both regarded as a flow, which is the correct way to regard them, and is how Mr. Hawtrey regards them, as a subsequent quotation will show.

If we isolate a given period of time to illustrate the major deficiency we must at least compute the total book values of all consumable goods, and of all capital and intermediate goods produced in a given period of production, against the total of wages, salaries and dividends distributed in respect of production *during the same period*.

Let us suppose that in the period chosen the purchasing power distributed in respect of all production is sufficient to meet the prices (book values) of all finished consumable goods, and that they are all bought and consumed. This, I take it, is the situation which would satisfy Mr. Hawtrey's sense of fitness, and it leaves all the remaining goods unsold, but it also leaves outstanding all their book values, which the public will have to pay in the future, since all costs must be defrayed by the public. Now it may be true that purchasing power has been distributed in the past in respect of all these costs (as a matter of fact Mr. Hawtrey has already demonstrated that it is not true for those allocated costs called depreciation), but it is clearly irrelevant since it has already been withdrawn in previous periods in the purchase of consumable goods. In other words, the public has made the goods and paid for them, but the costs are still outstanding and a proportion of them will be included in the cost of goods produced in the next period, and the remainder in succeeding periods.

Since the economic system is a continuous process, successive periods flow into each other, so it must be regarded as a flow, and the A *plus* B theorem so describes it. The B costs referred to in it are the outstanding costs carried over into any period from previous periods plus any fresh allocated costs and costs in respect of semi-manufactures, which the public does not buy.

But, says Mr. Hawtrey:

> To say that "the wages and salaries (already insufficient to buy the whole production) tend to be diluted in value until they merely represent the subsistence allowance of the persons concerned" (page 34), does not help; the fact is that confusion has been introduced into the subject by Major Douglas's practice of describing the rise of prices which is caused by the dilution as a decrease or deficiency of purchasing power. That usage is in itself quite defensible, for the rise of prices does diminish the command over goods, represented by a given money income. But unfortunately the same expression, a deficiency of purchasing power, is equally appropriate to the case where there is a deficiency of incomes. In the one case a deficiency of purchasing power means an excess of demand in terms of money over supply at a given price level, in the other it means a deficiency of demand.

I am puzzled as to the exact shade of meaning intended by the word "unfortunately," but to return to the period already described, let us suppose that there has been an expansion of capital equipment (armaments, for example, or, if guns annoy Mr. Hawtrey, electric power stations or blast furnaces), so that there is distributed purchasing power in excess of available consumable goods at their book prices. This is the minor proposition at which Mr. Hawtrey boggles. Prices rise. That is to say, sellers add a fresh and profitable allocated cost to the previous book value. Purchasing power is diluted so that a pound, instead, say, of buying ten articles at two shillings, can buy only eight at half-a-crown.

Apart from the painful repercussions of this in the relations between capital and labour (resulting in rising costs), it is clear that the major deficiency has been aggravated (not doubled, Mr. Hawtrey). But what do the traders do with the extra profit? Briefly they do one of four things. They save it, which deprives some other seller of a market for the time being. Now or later they will part with it, however. They will most probably hastily pay back a pressing bank loan, which, as Mr. Hawtrey puts it, is an "absorption of cash." Or they will go out and spend it, which is all right, of course; the price rise has merely transferred the right to consume to them. Or they will invest it in their own or some other business, which distributes part of it (the A part) but creates an equivalent A *plus* B cost. All these processes, except spending for consumption, aggravate the major deficiency; some more than others. Additionally, the "boom" conditions encourage the installation of new capital equipment, the purchasing power distributed in respect of which will augment the process just described, and the cost of which will be outstanding in the next period.

Now the following paragraph constitutes the entire argument that Mr. Hawtrey advances in support of the assertions he has made—based as we have seen on garbled paraphrasing of the opposing argument:

> In practice all stages of production are in operation simultaneously. Those which cause an excess of demand and those which cause an excess of supply tend to neutralise one another. But if we apply the same description, a deficiency of purchasing power, both to the rise of prices in the one case and to the shortage of money offered in the other, it is fatally easy to be misled into the idea that as each stage of production taken separately tends to cause a "deficiency" of purchasing power, therefore when they co-exist they must reinforce one another.

Again, the use of the word "fatally" produces an odd qualm. It reminds me of Huxley's definition of a tragedy as "a theory killed by a fact." That is the classical or deductive standpoint. From the realist or inductive view, if a theory is wrong the discovery of the fact that kills it is a triumph. Fatally, fatally—what does it mean?

In any event a period in which purchasing power exceeds the prices of consumable goods, that is to say, a "boom" or inflationary period, does not in the world of hard fact occur simultaneously with a period in which purchasing power is less than the prices of consumable goods—a "depression" or deflationary period. Such periods, as is surely well known, alternate with each other to the glory of Mammon.

(To be concluded)

John Law of Lauriston; God or Devil?

By G. R. Robertson, M.A.

HE was thought by many in his day to be a god, and by many afterwards to have been a sort of devil; there has been a great discussion going on ever since as to which he really was. The literature about him in English is very scanty, and yet every book on the history of banking refers to him; some even give him a whole chapter to himself. The writers of these books are themselves in two minds about him, whether he was a mere adventurer and madman, or a real genius who was only two centuries before his time. The same controversy has been carried on for two centuries in French and Italian, in both of which languages there is a copious literature, some of it quite recent. The writer of this article regrets that he reads neither French nor Italian; and yet it may be better for his peace of mind; his work and everything else might be neglected for the sheer fascination of reading the many attempts to understand this weird phenomenon.

You who live in London should first of all go to the National Portrait Gallery and look upon his face. You will not find there a portrait of William Paterson, who founded the Bank of England, but you will find one of John Law of Lauriston. A wonderful face it is. Its amazing beauty is not weakened or diminished in any way by the luxuriant wig and ruffles which surround it. It is a face fit for an angel or a god. By many, at least for a time, he was reckoned to be a god and a saviour, saviour of France; others again had no names bad enough for him; they called him rascal, adventurer, gambler, libertine, murderer! He was probably, like most of us, a mixture of good and evil, but whether the good or the evil excelled, it is difficult to judge. At any rate there was more in him than in most of us, and certainly in his amazing career he ran a wider gamut of human experience than almost any dozen ordinary men.

His father was a banker, a goldsmith of the old type, and lived near Edinburgh. John learned banking and also much besides, getting as good an education as was to be had at the time, two hundred and fifty years ago. He excelled in arithmetic and algebra. He also became an expert card-player. By and by he came to London, and with his handsome face and charming manners wormed his way into the best society. Fond of the ladies, he fought a duel over one of them, killed his opponent, was arrested, tried and condemned for murder; escaped; was rearrested, condemned again, escaped a second time. This time he fled to the Continent, where he intrigued and gambled in one town after another.

He carried a considerable fortune with him in bags of gold coin. These he found cumbrous at the gaming table and invented a system of tokens, which proved to be much more convenient. "Differences" could be settled in gold. He had heard of, and was greatly interested in, the great "tulip" mania of eighty years earlier; he learned all he could about the banking systems in Holland and Italy; by and by he formed certain theories of money, and worked out a "system" of banking, which he longed for an opportunity of putting into practice. He offered his services to William Paterson, who was founding the Bank of England, but was turned down by him. Then he offered his services and his system to the leading men in the banking world in Scotland, at the same time publishing a thesis about money and currency. Here also he was rejected.

Opportunity did come to him at last, however, in France. French finances were in a desperate plight, and the French Government was on the point of declaring itself bankrupt, having fallen into the hands of extortionate usurers and corrupt men. Law offered his system, and was allowed to try his hand. He founded a bank with a capital of six million livres, and within a year had issued notes to the value of sixty millions. As far as I can ascertain, this is the very beginning of that 10 per cent ratio between cash reserves and total liabilities which is the root principle of all banking business to the present day. Hitherto the old goldsmith bankers had gone no further than lend out £9 out of every £10 of their customers' money, keeping £1 on hand to meet calls for gold. But John Law, combining his expert knowledge of gambling with his expert knowledge of banking, thought he knew a trick worth a good deal more than two of the old goldsmiths' trick. He would keep all the gold handy which people would entrust him with, to meet demands for gold, and loan out nine times the amount in paper "promises to pay." Furthermore, if your paper notes come to be regarded as being "as good as gold," and if you know what you are doing, and if you do not risk too much, you may go on to issue still more. (Prior to 1914 all the financial world outside Great Britain was full of admiration at the size of the inverted pyramid of credit based on such a fine apex of gold!)

John Law's bank was an immediate and amazing success. The French Government was delivered from its financial embarrassment; business generally got a means of payment for wages, trade and taxes; the provinces got payment from the capital, and in turn were enabled to buy from the capital. France became to all intents and purposes a unified trading corporation; everybody seemed to become suddenly prosperous. Everybody seemed to be becoming richer; nobody seemed to be becoming poorer, except the usurers; they alone became bankrupt, for money became "cheap." France almost immediately leapt into the foremost position as the most powerful and prosperous nation in Europe. Favours and honours were showered upon John Law—he was even given the Freedom of Edinburgh!

His "system" was, of course, "creation of credit" on the grand scale; not for war purposes, however, but for peace and prosperity. It affords a very good illustration of the possibilities of making a correct use of this "Aladdin's wonderful lamp."

To do him justice, John Law seemed to be quite well aware that paper notes or credit which do not represent money, i.e., gold, must represent something. What did they represent? The property and energy of the French people, of course, and of this he was doubtless quite well aware, though (like all bankers) he deemed it expedient to keep this knowledge to himself. In a position of supreme financial authority, he worked hand in glove with the Treasury to reduce the national debt, reduce taxation, finance Government, reduce prices, encourage people to spend and "consume," and permanently enrich the country by public works. The bank and the banker were entitled to payment for services rendered. I do not think it is proved against him that he was actually dishonest in detail, or enriched himself at the public expense. He toiled incessantly, and was princely generous. In fact, compared with the use made of Aladdin's wonderful lamp by his successors, his conduct of the affair is much more creditable, deserving of study and interest and even approval.

John Law's downfall was as meteoric as his rise. The fatal flaw was probably his not acknowledging that it was the social credit he was dealing with, and his pretending that his notes were backed by gold. His successors cannot throw stones at him, for they do exactly as he did in this regard. They pay their own debts and buy their own assets with "created credit." In so doing their business seems to me to be fundamentally unrighteous, since it is based on the precisely calculated value of dishonesty in a position of supreme trust and responsibility.

John Law's genius bordered on insanity. It was diabolically clever. The genius of John Law is the genius of modern banking; and John Law was banker, gambler, murderer, libertine, and mad.

It was no doubt during some of his recurring fits of insanity that advantage was taken of him to bring about his ruin. His friends failed him, and his enemies were ever on the alert. And the "promise to pay" gold was always there waiting to devour him, as it has devoured so many of his imitators. That promise is a genuine one only when the gold is recognised as belonging to the depositor, and as being held in trust for him. "Any interference with these deposits is an act of precisely the same kind as exposes private bailees to penal servitude." * The Bank Charter Act was designed to prevent the Bank from issuing paper which did not represent money, i.e., gold. The only protection the public had against such a fraudulent proceeding was that it should be distinctly understood that bankers, when they found themselves in difficulties, were not to expect help elsewhere. But our gamblers have gone one better than John Law, and gambled on finding a Government, when their crises came, sufficiently subservient to condone their crime, more, to aid and abet them in evading the consequences. And so far they have gambled successfully!

*Enc. Brit., 9th edition, "Banking."

The One Condition for Peace

By A. W. Coleman

THE Congress of the International Chamber of Commerce, which brought its deliberations at Berlin to an end on July 3 last, has presented the student of the New Economics with something of a jigsaw puzzle.

The President, in his closing speech, declared that the note of the congress had been world peace through world trade. But Lord Riverdale,* in introducing the first of the resolutions, emphasised the necessity of peace if world trade was to flourish—a statement which reads far more like world trade through world peace than the other way about.

*Formerly Sir Arthur Balfour, Member of the Economic Advisory Committee.

A similarly conflicting statement was made by a German delegate, in introducing another resolution, when he said that "Just as solutions of the raw materials problem, the debt question and the currency problems constitute essential conditions for . . . the reduction of excessive trade barriers, so, on the other hand, greater facilities for international trading relations are a preliminary requirement for the solution of these problems." Unless "greater facilities for international trading" can be provided without the "reduction of trade barriers," it would appear that the solution of the foregoing problems must be relegated to the Greek Kalends.

If the economic outlook of the congress may be gauged by a statement made by Lord Riverdale to the effect that "a competition in armaments endangered the peace of the world and depressed living standards," its members are still living in an age of scarcity economics. Whether or no the competition in armaments endangers peace, the fact is patent that in most countries, and particularly in Great Britain, the increased expenditure on armaments has raised the standard of living, and increased "prosperity"—so called.

The reason for this is not far to seek. The minimum prices, ensuring the solvency of producers, of goods, etc., arriving upon consumers' markets each week cannot be met by the incomes distributed to consumers each week, if industry is engaged only upon the replacement of all goods, etc., as fast as consumed, and the full upkeep of existing fixed capital. The technical explanation * of this is concerned with the way in which overhead costs relating to fixed capital are accounted in prices, and does not concern us here directly. What concerns us is the fact that, if production is to be sold as fast as it reaches consumers' markets, consumers' incomes must be reinforced by additional wages, salaries, and dividends distributed in respect of future production *financed by new credit*.

* See "The Monopoly of Credit" (C. H. Douglas) and "Money in Industry" (M. Gordon-Cumming). The explanation has also been given in a variety of ways, e.g., in an article entitled "The Flaw in the Price System" by Paul Hampden in THE FIG TREE of September, 1936.

The nature of this new production must therefore be such as to engage the sympathies of the credit monopolists. It must evidently not be consumable products for the home market, the effective demand there being already short. It must be either (a) capital production—public works, new factories, armament expansion, etc.—for use at home, or (b) any sort of production for export without equivalent import; that is to say, export financed by foreign loans.

The second method is the one most approved by leading bankers, but, at the moment, foreign communities are showing a healthy objection to any deeper entanglements of this nature. The I.C.C., however, evidently agrees with the bankers, for, in the course of a resolution on monetary policy, it specifies "a resumption of international financing" as one of the factors constituting "the fundamental basis of a rational money order."

Either of the two methods just mentioned will serve to distribute incomes to the home population, and help toward bridging the gap between incomes and prices in the home market, but while the first method increases the national and municipal indebtedness of the home community to the credit monopolists, the second method places the load on the shoulders of foreign communities.

The members of the I.C.C. envisage international trade as the mutual exchange of goods and services between nations, and they go so far as to say that "a special duty rests on the creditor nations to allow the payment of debts by receiving from the world goods and services in excess of what they export."

But this is precisely what no industrial nation, creditor or otherwise, can afford to do, unless it is, in effect, subsidising the incomes of its nationals by financing a programme of public works or armaments, etc., with national debt. Every nation strives to place that debt upon the shoulders of others by exporting its surplus goods, not in return for other surplus goods but in return for paper promises to pay. The root of the trouble lies in the fact that much of the surplus is unsaleable in the country of origin, so that the exchange of, say, coal for chilled beef in this country does not render the beef saleable if the surplus coal was an unsaleable surplus, no matter that the beef is wanted and the coal is not.

At present, in this country, the gap between incomes and prices is being made good to a large, though partial, extent by the financing of armament expansion on credit. While this continues the home market can absorb most of the surplus, which would otherwise be unsaleable, whether that surplus be sold direct or exchanged for equivalent foreign surplus, and the pressure to sell abroad without receipt of equivalent import is relieved.

But this state of affairs cannot continue indefinitely. With the inevitable growth of ways and means advances transferred to National Debt, bankers and politicians will begin to talk of the "weakening of the credit structure," and to call for "sound finance" and "balanced budgets." When this happens, and the gap between incomes and prices begins to widen, the pressure to export in excess of imports will be increased, and the resulting fight to capture foreign markets will increasingly embitter foreign relations, until the war on the economic plane boils over on to a bloodier one. War, today, brings economic peace; peace, sooner or later, spells economic war.

When the national credit is used to bridge the gap between incomes and prices without enslaving either our own people or those of other countries to the high priests of debt, then—and only then—can conditions be inaugurated under which it will be possible for mankind to maintain peaceful relations, and exchange goods and services for goods and services without let or hindrance.

Canada Calling

By R. Rogers Smith

WE in Canada can hardly expect that the verdant visitor to our shores, or rather that the visitor to our verdant shores, should know anything about our Government. They are more likely to have a preconceived notion that our Government in the Dominion of Canada is similar in principle to the Government of Great Britain.

Canadians recently were surprised and amused to find a story recounted in the Manchester Guardian that the name "Dominion" was received by inspiration from the reading of the 72nd Psalm by Leonard Tilly. You in England, of course, know that Wales was a "Dominion" in the Acts of Henry VIII, that the Isle of Man was a "Dominion," and that Newfoundland and the New England Colonies were known at various times as "Dominions." Virginia, founded by Sir Walter Raleigh, is today called the "Old Dominion" in the United States.

The meaning of the word "Dominion" is given in Section 18, paragraph 3 of the Interpretations Act meaning a "Colony."

We in Canada are inclined to suspect that if the word "Dominion" was inspired, the origin of the inspiration was the Colonial Office.

But, the English visitor may object, you have a Parliament and a Senate which correspond to our Commons and House of Lords, have you not? Yes, indeed; but our Parliament and Senate in Canada are not the Government of Canada.

The Government of Canada is the Governor General, according to the British North America Act. He appoints a

Privy Council to “aid and advise him,” any or all members of which he can remove at his discretion. Under the terms of this Act he appoints the Senate, the Lieutenant Governors of the Provinces, the Judges, Police Officials, Harbour Commissioners or any Commission for that matter, and Deputies of himself. He has the custody of the Great Seal of Canada. If for any reason he should leave the country he appoints an Administrator of the Government in his absence.

The Commons has the power only of a Colonial Legislature. They cannot speak on a money Bill unless it is first recommended to them by the Governor General. Any of the members may he removed from office at the discretion of the Governor General, including the Prime Minister. The present Prime Minister, the Rt. Hon. Wm. Lyon Mackenzie King, was removed from office at the sole discretion of the Governor General in 1926, and the Rt. Hon. Arthur Meighen, leader of the Opposition, installed in his place as Prime Minister. The Senate and Commons of Canada do not recognise any alteration in the powers thus accorded to the Governor General. In other words he has the same power (according to them) now as he had then.

Another popular misconception is that Canada is, or was, a Confederation. Nothing could be further from the truth. The stories of Confederation have long been recognised as exploded myths. They are looked upon as very fine examples of romantic fiction. It is known that Lord Carnarvon, Secretary of State for the Colonies, was the Chairman when the British North America Act was drafted by the Colonial Office and the meetings were attended by Lords Derby, Monck and Sir Frederick Rogers.

You thought that Sir John A. Macdonald was Chairman when the British North America Act was drafted? Not at all. Far from being the Chairman, Sir John A. Macdonald was very much against it.

You may know that Vancouver Island and New Caledonia were joined in 1854 by a “Private Bill” enacted by the Imperial Parliament, previously drafted by the Colonial Office. This Bill and the British North America Act are similar; the first united two colonies, whereas the latter united four. We never hear of the Confederation of British Columbia, yet there is more foundation for calling British Columbia a Confederation than there is for calling Canada a Confederation. Why? The principle, which governs a Confederation, is agreement. There was no agreement, accepted or signed, by the Provinces of Canada, and furthermore Nova Scotia strenuously objected to being a party to the union of the Colonies in one Colony or Dominion.

In an interview with the Chief Justice of British Columbia, I was assured that, although no certified copy of the British North America Act was the property of that Province, a signed copy would undoubtedly be found at Ottawa. As the Act is one of the most important affecting Canada and as I had discovered what I believed to be discrepancies in the printed copies, I decided to embark on a trip of 3,500 miles purposely to see it.

Presenting myself at the Archives, I was most courteously received by Colonel Hamilton, Custodian of Manuscripts, who placed the Quebec Resolutions and the Kingdom of Canada papers, which were drafted in London upon the basis of the Quebec Resolutions, in my hands for my inspection and consideration. After satisfying myself as to their authenticity, I requested to be shown a certified copy of the British North America Act. We were disappointed, however, in locating this, so Colonel Hamilton, suggesting that the most likely place would be the Privy Council, obligingly arranged for me to meet the Chief Clerk, Mr. Lemaire. After a most pleasant interview, Mr. Lemaire instructed his Secretary to conduct me to the Governor General’s office, where undoubtedly this Act reposed.

Mr. Pereira, Chief Secretary of the Governor General, was so sure that the Act was in the Parliament Library that he wrote a note to the Parliamentary Librarian, instructing him to permit me to examine it. At the Library I was informed that this was the most important document in Canada and would therefore be found in the office of the Secretary of State. Mr. Coleman, the Under Secretary of State, met me and volunteered to show me the Great Seal of Canada, and delegated three assistants who searched the West Block for the Act, but without success. Seeing my disappointment and feeling sorry for me, Mr. Coleman suggested that I see Dr. Beauchesne, Clerk of the House of Commons, who, he assured me, was an authority on the Act, and, if he did not have it, would know where it was to be found. Having explored the Archives and the East and West Blocks of the Parliament Building, I was now to be admitted to the Central Block, the heart, so to speak, of Canada. Dr. Beauchesne, however, registered surprise. “Why should I have it?” was the Doctor’s reply to my request. “No valuable documents are kept here; just see Mr. Blount, Clerk of the Senate; he has a vault below the Senate Chambers, where all valuable documents are kept under lock and key.”

I was elated. At last I had reached the end of my quest. I was to be shown the Act which is the corner-stone of Canadian law and jurisprudence. My spirits were only slightly dampened when Mr. Blount informed me that he was not so sure, but would open the vault if I cared to look. Conscripting the services of an assistant with keys and a step ladder, we descended to a large vault properly protected with a fireproof door, and with all the care and reverence which the exertion would permit, conjoining the academic with the practical, or by means of bull-strength and a certain amount of awkwardness, lowered two large cases marked 1867 and 1868 to the floor of the vault. At the end of an exhausting, dusty and fruitless search, I suggested that the Act might have been destroyed in the "fire" which destroyed the main building in 1916.

Mr. Blount assured me that all documents had been saved. Some had been discoloured by water, but the only losses were some pictures in the galleries. He drew my attention to a square polished hardwood case with fragments of red seals still clinging to the lid, where it had been sealed by the British authorities. Opening this I was permitted to examine the "certified" gallon measure in bronze and the platinum "ounce" and "pound." In another longer case reposed the "inch," "foot" and "yard".

I was duly impressed, but after returning to his office inquired if there were records in the Senate Journal of the British North America Act having been placed before that body. We examined the entries in the Journal without success; but in another imposing volume found (duly decorated by an artist of the pen) a proclamation from Her Majesty, with the names of the first Senators and Sections 17 to 36 of the Act, unsigned. "Was this Act ever placed before Parliament?" I asked. "You will have to ask Dr. Beauchesne," was the answer.

On my return to the Commons, Dr. Beauchesne made a conscientious search without finding any reference to the Act in his Journal. "Well, Doctor, I was informed before coming here from Vancouver that we had no 'certified' copy of the Act in British Columbia, but was assured I would find it in Ottawa. If it were in Canada, it would be in Ottawa?"—"Oh, yes."—"Then I think for the purpose of my investigation we can assume that no 'certified' copy of the British North America Act was ever brought to Canada. Is that so?"—"I am very much afraid you are correct," was the Doctor's reply.

How can we expect any man in Canada seriously to contend that he knows anything about the British North America Act, for if confronted with the question he will be compelled to admit that he has never examined a certified copy.

May I suggest to anyone desiring to refute my contention that it would be the part of wisdom to obtain a certified copy and compare this with that issued by the King's Printer. The King's Printer's copy is not exact. Further, a certified copy of the British North America Act can be proven to be fraudulent "from the words themselves and the manner in which the words are used." Most lawyers will appreciate the importance of this last statement.

But, you will say, this is old stuff. Why rake up something that cannot matter, now that the Statute of Westminster has elevated Canada to a position of equality with United Kingdom? Logic is the life of law, and a Governor General appointed by the Imperial Parliament to govern a colony, and a Privy Council and Senate appointed by him, with a Colonial Legislature, which can act only with his consent, cannot have any power to govern Canada— so forget it.

You are right, of course. That is exactly my conclusion also, and it is the conclusion of the Privy Council as handed down in their recent decisions on the legislation enacted by the Dominion Parliament since 1931. They start by saying that the Dominion and the Provinces together have a competency of all power to govern Canada, both in internal and external affairs. But, reducing the total of their decisions to a mathematical formula, it would be thus: Let A represent the Dominion Government and B the Provincial Legislature. A + B = all power to govern; but as A has no power, B - A = all power to govern.

This decision made some of the Dominion Government officials very, very angry, and they figuratively (in speeches in the House) slapped the Privy Council on the wrist However, the speeches did not alter the decision. *Legally, each Province of Canada today is a political unit without a political superior*.

Each, not to be outdone by the other, keeps a "separatist group" as a "pet" (not dangerous), which at times it parades for the amusement and benefit of neighbouring provinces. British Columbia has one, and the Peace River district of Alberta has discovered a howling youngster. Last year Ontario found one in the northern bush. The Maritimes have one they keep on a chain, and this year Quebec paraded hers, which is advertised to impress tourists as the largest in Canada.

Gathering my courage and invading the "den" of this group in Montreal, I said: "Gentlemen, I think you are barking up the wrong tree. You have failed to convince me that you want the Province of Quebec to separate from Canada." Requesting a sheet of paper, we agreed to write down those functions of Government that they wished separate. Following is a list of questions put by myself, and the answers of the Separatist Group, most of them lawyers and judges:

"Do you want to break away from the Empire?"

"Oh, there is no necessity for that. We just want to govern ourselves."

"Are you satisfied with His Majesty?"

"Yes, certainly."

"Would you be better satisfied if we had a Canadian as the representative of His Majesty?"

"That is one of the things we want."

"Whom would you suggest?"

"Well, Borden would be all right." (I said: "Very good.")

"Of course, you will want a separate Post Office?"

"No, no! If you print the Money Orders in French and English, we don't want to have a separate Post Office."

"Well, you want a separate Patent Office and Copyrights?"

"No, we don't want that."

"Then what you want is a separate Department of Indian affairs, that is, every province to look after its own Indians?"

"No, that is not important to us."

"Ah, I know; you want separate Railroads, Telegraphs and Telephones?"

"No, no. That would be a nuisance. Everything across Canada would be in confusion."

"Well, then, is it Harbours and Shipping?"

"No, no. Not that."

"Well, it must be separate control over Radio and Aeroplanes?"

"You can't be serious."

"Well, you will naturally want a separate Board of Colonisation and Immigration?"

"No, that is not what we want."

"Is it a separate Board of Pensions and National Health?"

"No! No! No!"

"I think I know what you want. You want separate Ambassadors to foreign countries, each province to have its own representatives?"

"No, that is foolishness."

"Do you want the right to charter banks and issue your own currency?"

"Yes, yes! That is what we want."

"Is not that what Alberta and British Columbia want?" "Yes, I guess it is."

“Do you think you could sign an agreement with them to this effect: each Province to issue currency to, say, 2 per cent of the value of its natural resources; these currencies being of the same value with good backing, and therefore interchangeable?”

“Yes, I think we could; that would be better than bank currency.”

“Has an agreement ever been signed between the Provinces?”

“No.”

“Are you sure of that?”

“Certainly; we know no agreement was ever signed on anything.”

“Is Canada governed by the Imperial Government now?”

“No, not since 1931, when the Statute of Westminster was passed. We have had National Status since then.”

“Do you know of any way that any country with National Status can be governed, unless an agreement is signed between the parties (that is, the Provinces which are governed by the Central Government) granting the power to a Central Government to govern them?”

"No, an agreement must be signed.”

“If the Provinces have been free since 1931 as you say, why has no agreement been signed?”

“They have never been asked to sign.”

“What power has the Dominion Government today, if what you say is true?”

“It has no power until an agreement is signed.”

“If no agreement has been signed, what are you going to separate from? I think what you want is a Federal Union?”

“Yes, you are right, that is what we want—a *Federal Union*. We want the agreement to include a redistribution of the power over currency and finance. Further, we want the Federal Government to have the Great Seal of Canada, and the power to appoint Ambassadors to foreign countries, Judges and Commissioners and all the power that the Governor General had before, and nobody has today, to be granted by the Provinces to the Federal Union.”

Naturally the Separatist Group of Quebec are right, as any sane person must agree. The Central Government of Canada must obtain the power to govern from an agreement signed by the representatives of all the Provinces. Since the power to govern herself was conferred upon Canada by the Imperial Parliament, the Colonial Government, which obtained its power from the Imperial authorities, has no more power than the Imperial Parliament in Canada today.

The Dominion Government know this. They know they have no power over finance, but think that, by inducing the Provincial Government to sign for a Loan Council, they would perpetuate themselves as a Central Government of Canada. In this they are unduly optimistic, for the Provinces of Canada would prefer to confer the power over a Loan Council on the Rotary Club or the Kiwanis.

The New Crime

By JOHN HEWLETT EDWARDS

THERE was once a pleasant-looking young man with curly hair, blue eyes, and a bulldog chin, who was rather twisted and crooked in his moral make-up. He had weird ideas. One day he conceived the notion of helping the world out of its present difficulties. He pondered for long, and, coming to his own conclusions, proceeded to study for three years at the Burglars’ Institute in the Faculty of Fine Art Forgery. Situated in the middle of the East End of London, this nest of crime had so far escaped the notice of a diligent police.

He was a clever man, well versed in all the illegal arts, and when he graduated from college he was universally known as “Da Vinci” Smith, the Perfect Forger. During his time at college he did not, however, neglect the company of some of the biggest brains in the world; an aristocrat by birth if not by inclination, he could mingle easily with both the high and the low; and, indeed, so blue was his blood that his word was likely to carry more weight than it should have done.

His next step was to hire a conventional forger’s outfit from the Forgers’ Secret Supply Association, and to set up in a Paddington slum in rooms rented at fifteen shillings a week. Realising that locked doors always breed suspicion, and that landladies are liable to go to the police on the slightest provocation, in his methodical way he wooed and won her. He was now safe from all interruption, and for the next three years he worked at that series of experiments, which have since revolutionised the world.

His laboratory was the most perfect in the world. To safeguard his secret arts he arranged many cunning devices. An ingenious trapdoor precipitated unwelcome visitors into the canal beneath, whence their bodies were recovered weeks later. By the touch of a secret button the place could, in the fraction of a second, be made to resemble the Blue Room in any Georgian mansion. Bookcases concealed doors, settees packing cases, and teapots test tubes. On no fewer than fourteen different occasions fourteen different detectives, ranging in rank from constable to deputy assistant commissioner, searched his dwelling, but found no evidence more damning than a pair of guinea pigs, no apparatus worse than a broken retort.

For two years this work continued. At the end of this period Smith had completed a perfect forging plant capable of turning out five hundred thousand pound notes a day. He was divinely mad.

Da Vinci believed shortage of purchasing power to be the main cause of the trouble. “Poverty amidst Plenty” was his constant thought, Why? his permanent question; and the answer he was building up in his fertile brain was based on the teachings of Social Crediters. Only one thing was wrong with Smith; he sincerely wanted to do good, and that is one of the greatest crimes of the present era. That is why he was a crook. He was brave, and undeterred by the fate of all previous philanthropists who had tried to save the world. Unlimited faith in himself had turned his brain a trifle. His plan was foolproof and he knew it.

And all the time he cogitated thus, he made pound notes. He had piles of them. They filled the cellar, the coalscuttles, the empty fireplace, and the inkstand. All were perfect and guaranteed to pass the most rigid tests that even Mr. Peppiatt, the man who signs the Bank of England notes, could devise.

Collaterally Smith started a school for young putpockets. A putpocket is the opposite of a pickpocket. Here promising young men were trained in the art of putpocketing, chimney climbing, window lifting and note depositing. He taught them the approach courteous, the riposte reproachful, the insistent insertion, and a thousand and one other methods of giving people notes secretly. The main requisites for a man or youth to enter the school were honesty, and a fanatical belief in the fact that the world could be saved.

In the spring of 1938 he launched his great offensive, which, starting in London, spread outwards like a great spider’s web to the utmost confines of the British Isles. His organisation was tremendously complex; but the integrity of his employees and the fervour in his blood surmounted all difficulties. There were 52 supervisors, 104 sub-supervisors, 208 managers, and 20,034 district workers, besides 83 clerks and a squad of 44 flying boats and 65 speed cars attached to headquarters.

Bank notes were conveyed by air or road to the supervisors, whence they finally arrived at the district workers, who intensely enjoyed their new vocation of putpocketing. The daily business of each was to distribute £200 amongst those who needed it. Notes in neat pink envelopes were sent down chimneys, slipped under doors, popped into old ladies’ handbags, and placed in the hip pocket of all the poor and needy. Old ladies found bundles of notes in the gutter and took them to the police station, only to recover them a month later. Old gentlemen found them, too, but were not so scrupulous. It was very exciting. All who needed it and also all who did not, received a steady income in this most astonishing way. If a poor man unexpectedly received triplets, or if the cat had a litter of thirteen and the veterinary surgeon was expensive, an extra pink envelope was found in the house the next morning. If Mr. Pearson had to have false teeth, $30 would drop out of his tobacco pouch the following day.

A wave of prosperity swept the country. The banks were most unhappy. People like Mr. Montagu Norman were worried to death because those who required it were getting such a lot of his assumed prerogative, money. Mr. Armstrong was worried because a fat and contented people refused to fight for mythical and unnecessary export markets. Mr. Vickers was extremely upset because he could not now look forward to 500 per cent profit on the utensils of war.

Investigation after investigation was held, but they all had to be suspended owing to lack of evidence. The Prime Minister himself finally said, “I forbid further probing into our prosperity, lest, like an overgoaded balloon, it burst.” When Da Vinci heard this, he bought a top hat and a pair of striped trousers and called on the Home Secretary. They were closeted together for fifteen minutes. The Secretary, being a wise man, asked Smith to call at the same time tomorrow.

Da Vinci Smith had reached his goal at last. Before a select audience of the nation’s best brains, he inflated his chest and expounded his own private version of Social Credit.

“I believe that money should represent goods. Therefore I created money to cover the so-called surplus goods in the country. This enormous amount is distributed as a National Dividend to all people impartially. It is a national inheritance and is theirs the moment they are born. It is not inflation,” he continued, “because the money is backed by goods, and our special squad have prevented people putting up prices. The result is that everyone in the British Isles is well fed, satisfied, and contented. The banks are so unwitting that they honour our notes. The merchants are satisfied; they are selling ten times as much as usual. They therefore employ more labour. Factories are now working full time. Those who want to work can, those who don’t want to needn’t. Everyone is satisfied except the fanatical powerocrats, who should be preserved and bottled as curiosities. Truly we have done a little evil that infinite good may come thereof.

“Yes, indeed, Mr. Smith,” beamed the Home Secretary, “but I still fail to see how you avoided inflation.” Smith could hardly believe his ears. “What, you don’t know? It is remarkable that the work of our special squad has never reached your ears. They must have done their work well to have kept it so quiet. Why, they simply march into a shop and forcibly explain the racket to the proprietor. It is a protection racket, based on the Chicago method. The racketeer used to offer protection to wealthy men against their children being kidnapped, and to nightclub owners against their patrons being shot up. Of course, if they didn’t pay, the gang kidnapped the child or shot up the dive as the case might be. But they scarcely ever had to; they all welcomed it.

“Strike me pink,” said the Home Secretary, proving that his father was an honest man, and with his eyes fairly popping out of his head, “Did they carry firearms?” “Good lord, no; we just explained the racket, and they fell for it like flies. All we did was to promise retailers 100 per cent protection against loss if they would give 25 per cent discount on all their prices. This enabled us to distribute millions of notes in refunding the discounts. Everyone was satisfied, and no one let us down; we are all honest; we have not had one case of cooked accounts.”

*   *   *

And the years rolled on and the land waxed exceeding fat and prospered. Wars were not, bankers died of gout, and as for munition factories,

“The wild ass
“Stamps o’er their head and they lie fast asleep.”

Messenger Wind

WHERE the woodland path slopes seaward, and
darts from pine to pine,
The messenger wind follows
Fiercely, fleet-footed, and gossamer-haired, with breath like wine,
And her speed is a swallow's.
Lightly, hilariously, she trips it beneath the divine
Glint of blue hollows;
And her lips are mad for a kiss of the brine.

Where the woodland path winds townward
to life's tumultuous throng,
The messenger wind runs, too;
Oh! gracefully, daintily, she trips it, skips it along,
With morning eyes of blue;
In her hair is the fragrance of dawn, on her laughing lips is a song
Ever joyous and new,
And her glowing limbs are lithe and strong.

Oh! dancing messenger wind, so lithe, and so blithe, and so free,
What message do you bear from a world
Remote, unknown, that you swing and you sing now so urgently?
Before dawn has unfurled
The glorious flower of her pride, so wide to city and sea,
And life lies sleepily curled,
What message of hope do you bear for me?

HERBERT BLUEN

Design

STRIKE bold, hard lines with wood,
Wood thick and dark.
Add contrast with expanse of palest cream
And chromium.
And everywhere be bold.

Be rigid with angles,
Steel-hard, obtuse;
(Not acute, these press too hard on the senses,
Closing and crushing.
Fling them wide open, let the mind expand.)

Few softening curves are here,
For curves are yielding, lustful,
And tempt the senses to a murmurous ease.
Only a few to make the lines flow freely
And form a single whole.

Let the softness be in colour, balance and proportion.

Colour, not streaked nor mottled,
Nor the monotonous monotony of repetition.
Avoid these, and draw from the pure tones infinite.

Balance and proportion?
Choose these lines which placed with one another
Create warm beauty and an inner satisfaction.

So with Life—
Build from the straight, the simple,
The exquisite line.
Seldom use the curve of idleness,
But soften this earth-pressed state
With appreciation and balance.

THOMAS FLETT

Great Freedom Proceed—

YOU may come to the well, you little men,
You may come again and again and again—
You may lie in the sun in peace and ease—
You may gather the fruits from the laden trees—
You may stand and stare at the passing hour—
You may watch the fruitful earth enflower.

You may live, little men—you have just been born:
We have broken the shackles your sires have worn—
We have opened the door in the shining west,
We have done your dire, unspoken behest:
Your charter is there for all to see
Filed in the annals of time to be.

Come to the well and drink your fill,
Come to the well whenever you will,
The water is yours to drink or spill.
Come, little men.

K. McCarty

The Moment

WHEN all is said and done, dear,
What is there remaining?
What is there to cleave to
That we must needs believe in?
Only the sunlight
And grey clouds moving over,
Only the brown earth
And green things growing on it,
Only our tender bodies,
Our firm and present loving
That was not, and will not be,
And is now for ever.

Geoffrey Dobbs

God and Economics

"Economics and God.'' By Malcolm Spencer (S.C.M. Press, 4s. and 2s. 6d.).

IN heading this review of Mr. Spencer's book I have inverted his title, for it reads curiously to me. Whether conscious or otherwise, the author's inversion of the natural order of precedence sets me wondering if there is any connection between it and the baffling character of the book itself.

Mr. Spencer is secretary of the Christian Social Council and, I take it, to some extent a representative spokesman for the Churches. Is it not possible that in dealing with the economic problem, if the Churches really were to put God first—that is Truth, objectivity—the solution might be more quickly forthcoming?

It is undoubtedly cheering to learn of the widespread interest which the Christian Churches are taking in economic problems, as shown by the pronouncements of the numerous Councils and Commissions which Mr. Spencer quotes; but from another angle it is rather disquieting. Why does it all come to nothing? Perhaps the answer is to be found in the following extract from the dust-cover of the book under review: "This book attempts to show precisely what elements in our present economic structure must be cut away and replaced by the better foundation that Christ would lay. Much in our economic life is finely Christian, but much is unjust and irrational . . .. Mr. Spencer is in touch with the best Christian thinking and action on such issues."

The plain fact that emerges from the reading of "Economics and God" is that if it is representative of the Churches, "the best Christian thinking" simply is not good enough; and I do not say that merely with a desire to be provocative. Take the sentence just quoted—even if it is not Mr. Spencer's own, it is an excellent example of the whole book, both contradictory and inconclusive— neither of them attributes of Christ. How could there be "much in our economic life that is finely Christian," if its foundations are not those "that Christ would lay"?

The truth is that it is those foundations that are not Christian. And it is just those foundations to which the Churches, in common with statesmen and bankers, are afraid to lay their hands.

One is forced to the conclusion—and I say it with all reverence—that the economics of Major Douglas, like the philosophy of Christ, of which it appears to me as a practical extension in one vital direction, is too big a mouthful for institutionalism to swallow. The objections that are being raised to Social Credit are just those that were raised to the early teaching of Christianity, until Christ Himself was institutionalised, and the awkward parts of his philosophy—its practical dynamics and scientific demonstration—were relegated to another plane and time. Take these words, with which Mr. Spencer dismisses on page 97 the idea of the Social Credit Dividend: "It has," he says, "the disadvantage of requiring an untried monetary procedure and expecting the work of the world to be done by an untried combination of motives." Could not that objection be put with absolute fitness into the mouth of any doubting Jewish or Roman intellectual of Christ's own day, regarding the new philosophy that was being preached?

There is a footnote to Mr. Spencer's foreword referring to his former book, "Building on Sand," in which he states: "The only paragraphs in the earlier book which I would wish to correct are those that refer to the Douglas Social Credit proposals, which I now believe are technically wrong; but I am more than ever convinced that they have called attention to some profoundly important principles, and that the release of free credit which they advocate must be, and can be, secured on other lines."

There is not necessarily anything in that statement to which Social Crediters need take exception, if it were not that at one place or another in the pages that follow Mr. Spencer repudiates almost everyone of those very principles, for calling attention to which he commends Major Douglas; and if he did not, as on page 97, refer to the Douglas proposals as resting on "an analysis now generally reckoned to be unscientific."

If we have not made up our mind upon fundamental questions, there is only one proper course to pursue, and that is to remain silent till we have done so. But Mr. Spencer wavers between condemnation and advocacy of the National Dividend; on one page he heralds the coming of the Age of Leisure, and on the next is anxiously concerned with what he agrees with Finance in calling "the unemployment problem." He is against the Planned State in one chapter, and in another is found formulating his own plans, which include a programme of decentralisation (see page 111) , and the putting of "a premium on small industries"—this, incidentally, because they tend to produce goods with the expenditure of more labour than do big plants. In fact, between the first and last pages of his book he exhibits himself in two opposite minds upon almost every conceivable economic problem.

Why cannot earnest churchmen like Mr. Spencer perceive the fundamentally un-Christian sin of planning, as it is understood today? He quotes Christ's saying: "Seek ye first the Kingdom of God and his righteousness, and all these things shall be added unto you," and calls it "the greatest economic law ever uttered." One need not quarrel with that, though it might be better described as a law of life rather than of economics. But surely a Christian should be able to see in it an injunction—the highest injunction—against planning. "Take no thought for the morrow..." We run about fiddling with this, that, and the other, in order to ensure and bolster up the future, when all the time we have not cleared our minds as to what we really do want out of it—or more important still, what God wants.

It is a thankless task to have no praise to bestow, but for all its title this book is an earthbound affair. Mr. Spencer rightly emphasises the need of repentance, but there is one greater need in the world today, and that is faith. To me it appears to be the conspicuous lack in this book, and in all the Churches today—Faith, the courage to accept, and act on, the truth that the fundamentally right thing, rightly observed, must lead to right conclusions no less in actions than in thoughts. That is the whole lesson that Christ taught: "If thine eye be single, thy whole body shall be full of light." And it is upon that understanding that Science works. But the official Churches that bear the name of the greatest revolutionary that ever trod this earth are still unprepared to follow "untried methods": they are still for patching and mending and compromise. With them there is no belief in the power of the single eye. It is the man of science who has become the man of faith.

NORMAN F. WEBB

Hobson's Choice

"Functional Socialism." By S. G. Hobson (Stanley Nott, 2s. 6d.).

THE writer of this book has out-Bourboned the Bourbons in having seemingly learned nothing and forgotten nothing from his experience as head of the National Building Guild during the years following the Armistice. So convinced is he of the soundness of his guild doctrine that he quotes lashings from his 1914 book, "National Guilds," affecting to prove that what Gladstone said before the Deluge is still valid.

His thesis includes the application to the various branches of industry of the functional principle first enunciated by Senor Ramiro de Maeztu in his 1916 work, "Authority, Liberty and Function." Our author does not mention, however, that de Maeztu has long been a convert to Social Credit, the Spanish publicist having learned from Douglas that the functional principle shall first of all be applied to the credit monopoly. Nor does he explain in his 170 pages why he hesitates to keep in step with his acknowledged mentor.

He is restive at having been twitted for adopting the vocabulary of Social Credit while rejecting it in principle. It is surely matter of fact that nobody can nowadays treat of economics or finance without being obliged to use the ubiquitous Douglas vocabulary. The question of priority seems to obsess Mr. Hobson unduly, for he claims that: "Social Credit was born in 1920: in 1913 I wrote: 'We have postulated that each Guild is its own banker.'" Granted there is nothing new under the sun, one may still ask Mr. Hobson if he believes that such a phrase, with all its context, belongs to the Douglas vocabulary.

It is anyhow pertinent to remember what happened to that "postulation" during the hey-day of the National Building Guild. Not only did the scholastic big noises in the movement never attempt to initiate a scheme for guild banking, but they rejected the Douglas proposals for credit control as a subject fit merely for laughter. They "postulated" that it would be safe to enjoy the District Bank's usual "facilities" for an overdraft during the hectic spell of municipal housing schemes. They had no adequate plan worked out for bridging the financial abyss lying between "public" and "private" contracts for building operations. The credit monopoly having thus got the N.B.G. (prophetic initials!) firmly into its clutches, ultimately made the guild toe the familiar lines of their ledger. The verdict at the inquest was death from an overdraft and an underestimate of the sovereign power of the banks.

Douglas had prophesied (deduced is the more accurate verb) that the guilds would succumb to bankeritis unless their leaders became aware of the nature of the social disease. But, believing that the success of the guilds depended mainly on *administration,* the administrators were too late in learning that the *financial* factor was the more important, the credit monopoly was the fundamental enemy, and not the Master Builders' Federation. Yet Mr. Hobson still asserts in his book that the Douglas doctrine is "not only nonsense, but dangerous nonsense." He may be correct in saying it is dangerous—but only to the credit monopoly and to political doctrinaires.

Let the oracle speak for himself (p. 105): " . . . the growing delusion that this is the age of plenty." He quotes five lines of Shakespeare against what he calls "this bastard Hedonism." He is thus in agreement with Sir Josiah Stamp, who has told the world that the phrase "poverty in the midst of plenty" is almost (but not quite, apparently) "an intellectual menace." Surely the Old Lady of Threadneedle Street is a strange bedfellow for the man who says elsewhere: "Finance must cease to be the master and become the servant of industry." Is he not aware that these words are also part of the Douglas vocabulary? Why does he not leave the Old Lady to her dreams of Stamping on plenty.

"Have we . . . any right to say that they who can work shall not? Rather is it not our supreme privilege to declare that they who can shall" (p. 162). On the next page: "Our industrial system . . . can no longer maintain its workers nor provide that he who can work shall." Dictator Norman will naturally agree with such obviously "sound finance"—but, so, too, Dictator Stalin, who has defined the new principle of Socialism: "From each according to his ability, to each according to his toil." Our own Minister of Agriculture, Mr. Morrison, also gives his assent to the gospel of the other work-maniacs: "The only device which man has yet discovered by which the wealth of society can be distributed is by work for wages." If Mr. Morrison has not heard of the Douglas device, Mr. Hobson certainly has—and rejected it for Stalin's and Morrison's pills. That pre-Christian device—"the sweat of his brow" fallacy—is Mr. Hobson's, too.

"The one thing to be done is to give power and authority to the men and women who know how to do things and can get them done . . . It is no job for the politicians or financiers. Not politics but function" (p. 165). We may well ask, who has to give the power and to whom shall it be given? Some of Mr. Hobson's Procrusteans have the power already; but perhaps he means it to be "given" to those he mentions on p. 147. "I am as certain now, as twenty years ago, that all our efforts and schemes . . . are of no avail until the worker controls every process of industry." If Mr. Hobson means "workers' control" on the Russian model, then it is well to remember that far from Russia's having a dictatorship of the proletariat she has merely a proletariat dictated to by a handful of State Socialists who seem to be killing off all their Communist opponents. Moreover, as with the unfortunate N.B.G., Russia is now so financially orthodox as to have borrowed money from the City of London in the best Tsarist fashion.

"We cannot rise to a higher civilisation without a change of heart" (p. 18). But there is nothing fundamentally wrong with the hearts of the people; it is their heads, their thoughts, that need to be changed. Once convinced of their right to the distribution of their cultural inheritance, then even a football-pool or their "right to work" would have less interest for them.

"I believe it [Guild Socialism] still holds the field as the only coherent scheme of a new life" (p. 156). That it still holds the field under the turf is the considered opinion of this reviewer.

Mr. Hobson, speaking of the genesis of the Guild movement in pre-war days, mentions the parts played by the late A. R. Orage, Mr. G. D. H. Cole, Mr. William Mellor and Mr. M. B. Reckitt in spreading the gospel. It is, of course, well known that both Orage and Mr. Reckitt were early converts to Social Credit; that Mr. Cole is now an advocate of the Douglas proposal of the National Dividend; and that Mr. Mellor, the day before yesterday, was a Communist, today is a Left-Wing Socialist, and next week—well, he, too, may be a convert to Social Credit, as is Senor de Maeztu already. No mention is made by Mr. Hobson of the book, "The Restoration of the Guild System," published in 1906, by the late Arthur J. Penty, the actual pioneer of the post-war Guilds. His book was contemporaneous with Orage's first article on the subject.

WILLIAM BELL

All Up in the Air

"The Necessity of Pacifism." By John Middleton Murry (Jonathan Cape, 3s. 6d.).

FOR people who love to run away from reality, seeking escape in the cloudy world of abstract imaginations, this new book will come as a soothing dope. As an example of futile theorising it would be hard to beat. The author has already written a book on the "Necessity of Communism"; he has a reputation for word spinning in, out, and round about Socialism, and now, with the thunderclouds of war obviously before the eyes of all men, he has written a book on the necessity of pacifism. Only in the last chapter, after quoting Cromwell, does he arrive at his subject:

> "And one day perhaps we shall be able to say of ourselves what Cromwell said: 'A man never goes so far as when he does not know where he is going.' "

Having waded through six chapters to arrive at this, I thought what a comfort such words must be to men who, having the wool clamped firmly over their eyes, plod on and on and on, marching in circles, under the illusion that they are the vanguard of progress, and blind to the fact that they are lost, because intellectual pride renders them incapable of realising that they are still where they started.

Says Mr. Murry:

> "The only possible position for a Pacifist, who is neither ignorant nor hypocritical, is one of resolute non-co-operation with the state in time of war. He is bound to refuse his service in any civilian capacity; and he is equally bound to refuse to pay all taxes demanded of him for the prosecution of the war. Thus he deliberately outlaws himself from society."

How practical this is, especially for the working class. Take no thought for wages, or income, or such trivial things as eating; just don't co-operate. How puzzling the necessity for pacifism must be to a man on the means test.

But, back to our word-spinner:

> "The Pacifist, moreover, desires and endeavours that this attitude of his shall become universal. If a Pacifist movement of this kind were successful, it would paralyse . . . the state as a belligerent. And that is what the Pacifist ultimately seeks to accomplish. Without that final aim clearly in view, a Pacifist movement becomes one of irresponsible individualism."

"*If*," said Willy the tramp to his colleague Tim, lying on the turf gazing into the high blue sky," we had some eggs, we could have ham and eggs, if we had some ham!"

Also, the seeker after peace, guided by Mr. Murry, must remember that the pacifist ultimately seeks not peace but "paralysis of the State"; unless this change-over of "final aim" is made, the movement becomes "irresponsible individualism."

How dangerous it is to think and act as an individual, Mr. Murry is careful to make clear. Individuals might act today instead of tomorrow; and this must be avoided at all costs. Also, it is society that matters, not the individual.

> " . . . those logical critics of Pacifism who maintain that a convinced Pacifist must not wait till the outbreak of war to begin his non-co-operation with the capitalist State: he must begin now, by refusing to pay taxation which will be spent on armaments. That, indubitably, would be the purely logical consequences of the complete Pacifist position, if the Pacifist could regard himself as an isolated individual. But there is no isolated individual in a capitalist society . . ."

Next time Mr. Murry gets an income-tax demand from the collector, I suggest that he acts on his own teaching and tries out that last statement on him, and, if it fails, on the magistrate. If finally he pays, by his own teaching he practises "irresponsible individualism" to the undoing of his pacifist movement.

To quote again:

> "The purpose of Pacifism is not to save the individual from sin, but society from self-destruction."

Why not ask the Home Secretary to arrest "society" for attempted suicide? Is it "society" that gets shot in wars, or is it individuals like Thomas Atkins and Lieutenant Smith?

> "To make more Pacifists and to strengthen the understanding and resolution of those who are Pacifists, is the primary duty of the Pacifist in peace-time. By his own deliberate act to cut himself off from society, and to make himself ineffective within it during the brief opportunity of freedom, is foolishness."

Do not act today, during the "brief opportunity of freedom"; postpone your non-co-operation until the war breaks out tomorrow, when you will no longer be free!

> "As the Socialist awaits and actively prepares for a revolutionary situation, so the Pacifist awaits and actively prepares for a war-situation."

Having thus shown how foolish it is to act by non-co-operation until the war happens, our medicine man points the difference between the waiting of a Socialist and the waiting of a Pacifist. If the Socialist gets what he is waiting for, he might act, but if the Pacifist gets what he is waiting for, he has failed *because* he has got it.

> "Theoretically, at least, the Socialist longs for the advent of a revolutionary situation. Whether he really does is more doubtful. But the Pacifist has no such longing that his war-situation should arrive. For that would mean that the Pacifist movement had, in one important sense, failed.
>
> "The real and practical victory of Pacifism would consist in its being able to prevent a Capitalist Government beforehand from being able to make war, by arousing such a widespread movement of mass-resistance to war as would effectively discourage the Government from threatening war even in 'defence.' "

The assumption of the author throughout the book that he has something of value to contribute amounts to a swollen conceit that will appear monstrous to some and amusing to others. It is as if a man, sitting under his own leaking roof, decides that he cannot repair it while it is raining or he will get wet, and when the weather is fine, he sees that there is no need to repair it until it rains, and, becoming infatuated with his theories, determines to write a book about it, with the conviction that he has something to teach men who act when they know what they want.

As an example of unadulterated nonsense combined with effrontery, I cannot remember having seen anything in print to equal this book. G.H.

Correcting the Squint

"Towards Economic Democracy.'' By Helen Corke (Methuen, 3s. 6d.).

MISS CORKE has written a book, which, I think I may say, is unique in the history of economics. W. L. Bardsley once remarked that most people today are looking at great figures and their actions through a glass, which is subtly distorted to make them appear to be standing straight, whereas in reality they are either upside-down or decidedly crooked. Social Credit acts as a refracting glass, which counteracts the distortion and reveals the crookedness. You can do this with any reasonable person in the particular case you decide to select, but, although he will readily admit the distortion once he is shown it, he will promptly go away and admire the perfection of another equally defective image—because, of course, his glasses were fixed on him in childhood and he has never learned to have them corrected.

Miss Corke realises this, and her book is not only a corrective for adults, but, more important, it is a preventive in the case of children and young people who have not yet encountered the distortion. It is enough to say here that in a summarised economic history of the world she concentrates with vivid accuracy on people and the facts which affect them, examining and revealing the various abstractions which for a long or short period have intervened to hypnotise men and delay their progress. Nor is this "progress" an airy nothing of the usual vague order, "up and up and on and on." Man wants, and always has wanted, to abolish as much of the dirty work as he can, and to leave himself as free as possible to do what he wants to do. The facts of every age show this without any possibility of doubt; and it is with a positive feeling of astonishment that the reader reaches the curious bats-in-the-belfry doctrine of the 20th century that the aim of life is more and harder work for all!

Amidst so much of inestimable worth, flaws in this book are difficult to detect. Social Crediters may, however, ask why "the laissez-faire ideal" is made the first cause of war, and the principle of usury the second? A philosophy must antedate a practice, we know, but surely the particular philosophy of laissez-faire was merely one of the outcomes of usury? And can a war be stopped today "by international agreement to disarm"? That merely leaves victory in the next war to those nations who have the resources for rapid rearmament.

Of the Egyptians, Miss Corke writes: "Their ideas concerning the soul led them to build the immense pyramid tombs..." Our rulers' ideas concerning the soul today lead them to public works and rearmament, and, personally, I would prefer to put down the pyramids to some even greater genius who "solved the unemployment problem" of his day as it has never been "solved" since.

The book contains an account of the founding of the banking system and its practice which a child of twelve could not misunderstand. Miss Corke clearly believes, and offers the finest possible testimony to her belief, that in the ultimate assessment "a little child shall lead them." M.H.

Blight

"Farming England." By A. G. Street (B. T. Batsford, Ltd., 7s. 6d.).

THE bluff language and hearty sentiment of "Farming England" evokes the sturdy figure of Cobbett so strongly that one falls inevitably into the commonplace of speaking with one breath of Mr. Street and that earlier rural rider. But the book gives sharp and sometimes cruel reminders that a century divides the two writers. Mr. Street did not travel astride a horse but took a car and found corners of rural England by way of the arterial roads. Times have changed.

A deal of the author's commentary is lamentation. He declares that "the bottom dropped out of farming, and especially out of arable farming, in 1922." That baleful date would probably have more significance for the gentlemen who control England through the Bank which has borrowed her name as an alias for purloining her credit, than it has for the plain farmer who is accustomed to trust the Higher Power he recognises. But the date recurs. "Soon after 1921," says Mr. Street, "the bottom dropped out of everything" for the downland farmer. He means, of course, that agriculture ceased to pay, although "the Downs still guarded the valleys as of old; the hill-sides still shaded off white near the Downs, and the water meadows were still green a month before the rest of England." In other words, the credit-power of the hill country was unimpaired, but the financial despoiler had been busy.

If that seems a harsh or peremptory judgment, Mr. Street has a plainer tale to tell of the Kentish hop fields. "Years ago," he writes, "hop growing was a very profitable industry. Ten years after the Great War hop farming fell on evil days, and soon many hop gardens had fallen into the hands of the banks."

Now hop growing is under the usual petty regulations of a Marketing Board, which prohibits any extension of acreage and so maintains "prosperity" with the aid of a tariff on imported hops. And, of course, ungetatable beer is undoubtedly best as it foams in the giant glasses on the hoardings.

Incidentally, a year ago a hop-picking machine was introduced which displaced 200 pickers. What a host of Cockney thirsts was lost then! The most luringly illustrated advertisement cannot pass a single pint to the parched unpaid.

The farmer is an individualist, bearing the full responsibilities of husbandry, conserving the fertility of the soil at the same time as he gathers from it. He has a capital stake in the land he farms. Mr. Street finds, however, that farmers everywhere are ready to face land nationalisation. They repine for the fair treatment of the large landowner, now dispossessed by spiteful taxation, and think the "nation" would prove a bigger and more beneficent landowner than ever. Unfortunately he does not know that the "nation" has the bailiffs in, ready to lay claim to any unpawned asset available to be grabbed.

There is a truth, which comes so glibly to the tongue nowadays that few realise it to be the key to the problem of agriculture. Mr. Street repeats it, much as it has been repeated for two centuries, "The purpose of agricultural production must be consumption." Land nationalisation would not sell a sack of potatoes. It is consumption, which needs to be nationalised. When the consumer can draw up to his needs upon the products of English husbandry there will be no need of subsidies, or quotas, or talk of land nationalisation. It is a question of priority. Any social reform worthwhile must arise after artificial restrictions have been lifted from both the producing and consuming sides of the home market. Anything to which this is not prior is mere cowardly accommodation to the false standards of manipulated money.

Mr. Street himself produces evidence that the consumer is of first importance to economic health. When the coal miners of South Wales were earning good money they lived on the best, and copiously. The flourishing farmlands of Evesham Vale produced for that market, and fat suck lambs were bred on the downlands in numbers for the same district. There can be no reason why the Welsh miner should not have "good money" so long as Evesham Vale can produce the goods. Yet the miseries of Wales are reflected in the neighbouring fields, and the quashed demand of the hungry unemployed begets further misfortune in the fair valley. It is suicide.

A considerable part of this rural survey is a story of under-cultivation, under-stocking, disuse and disrepair; neglect with no other cause than the stagnant home demand which robs the farmer of his only active inducement, and in the end breaks him and spoils the fine tradition of his craft. North Hampshire is reverting "to rabbit-infested scrub"—and this in a land where for centuries the farmer has been the honest trustee of the soil's fertility so long as he could live from year to year and hand on his inheritance intact.

The many beautiful illustrations show that although farming acres have been sacrificed to urban expansion at the rate of 31,000 acres each year since the year of disgrace, 1921, exquisite tracts of the essential England remain. It is to be hoped that such trenchant writers as Mr. Street will barb their points with the saving truth that a dilapidating agriculture can only be mended by a realistic money system. England may yet be pricked alive to salve her beauty and her bounty from financial carelessness. CHARLES JONES

Encyclicals and Social Credit

"Social Credit and Catholicism." By George-Henri Levesque, O.P. (College Dominican, Ottawa. Published in the English translation by the Ottawa Citizen. No price stated).

THIS pamphlet comprises a series of articles published in French in *L'Action Catholique* of Quebec and translated into English by *The Citizen* of Ottawa. The author has set out, as a Catholic, to enlist the sympathy of Catholic readers, and has marshalled his arguments both impressively and in convincing sequence. He has quoted extensively from Douglas and has based his contentions chiefly upon these quotations in the light of their philosophy and ethical interpretation. He has, however, almost entirely ignored the political aspects of Social Credit and has made no attempt to define the nature of democracy as expounded by Douglas or the importance of the application of the principles involved in conveying a clear and wider appreciation of the aims of the movement. He has taken pains to point out, however, that the subject under review is Douglas Social Credit "and not the particular applications or interpretations that are made here and there."

Broadly speaking, the booklet is designed to arouse Roman Catholic support for the justice and equity of the Social Credit proposals, and M. Levesque has set out to indicate the manner in which these proposals meet, in every way, the principles demanded of the economic and social systems by his faith. After a brief introduction to his subject, M. Levesque has completed his work under five headings:

1. Spirituality of Social Credit.
2. Peaceful character of Social Credit.
3. Social Credit and Private Ownership.
4. Individual Liberty and the part of the State.
5. General conclusion.

The first section counters the possible criticism that Social Credit entirely neglects the spiritual and intellectual aspects of life and indicates the economic system as a machine, which is intended primarily to "deliver the right goods to the right users." Beyond this function lies that all-important realm of spiritual progress, which can now only be visualised dimly by a community not yet freed from economic slavery and the bondage of obsolete dicta and beliefs.

Having dealt with the peaceful nature of Social Credit in regard to individual relations, the author passes to the aims of the movement in the international sphere and includes the following Douglas quotation:

> "It seems difficult to doubt that the efforts of those in control of financial policy are primarily, if not entirely, concerned with making the world safe for bankers, rather than making the world safe . . .. "

M. Levesque claims that it is this principle in international banking that is responsible for most wars.

The section of the booklet devoted to Social Credit and private ownership deals first with the attitude of approval of this principle by the Roman Catholic Church, the sociology of which, it states, is fundamental to the cause of the common good. Nationalisation of policy is stressed in regard to the financial system, and several quotations from "Economic Democracy," "The Control and Distribution of Production," and "Credit Power and Democracy" are used to provide the Social Credit angle on this question.

Perhaps the best part of M. Levesque's work lies in his handling of the section headed "Individual Liberty and the part of the State." Here he states as his opinion and as the doctrine of his Church the belief that too much government is a bad thing (government is the very devil), and suggests that the only justifiable excuse for State intervention is the failure, or encroachment upon the general good of enterprises, which can be or are under private control. In this contention there is much good, but the vital point—democratic enlightenment of the electorate—has been omitted.

M. Levesque quotes from the "Encyclical Quadragesimo Anno" to show the absolute supremacy of the individual over all institutions and systems, in the sociological, economic and political spheres.

As mentioned earlier in this review, "Social Credit and Catholicism" is written for Catholic readers and would have little value in general publication. The creeds and beliefs of the Roman Catholic Church cannot, of course, be judged by any reviewer of such a pamphlet, and M. Levesque has taken pains to indicate that Douglas can never, in any major issue, clash with their beliefs. He finds fault, however, with certain personal views expressed by Douglas, "notably the heretical denial of original sin."

As a final precision to his work, the author points out, "let there be no misunderstanding of our articles. We had no intention of proving that the Encyclicals are in favour of Social Credit, as some would have us say. We simply wished to show that Social Credit is not contrary to the Encyclicals," and this indeed is the shading of the whole pamphlet.

M. C. BOND

Thou Shalt Not Be Found Out

"Round Robin." By Graham Ward Bain (Harrap, 7s. 6d.).

THE present enthusiasm for detective fiction is an interesting phase of emergence from the age of scarcity. The avowed crook who, if he can but keep the eleventh commandment, makes a better living than by merely respecting the first ten, is not necessarily any worse and is often much better than the outwardly respectable citizen making a living by the rules of a game that produces the tragic conditions of modern society. When, in the not very distant future, these are changed so that plenty is the normal lot, the detective story of today will become one of those museum specimens that future generations will regard as symptoms of the mass lunacy of their forebears. Mr. Bain's story of the undoing of a gang of money crooks, racily told in the melodramatic style, gives one the satisfaction of observing biters well bitten.

W.A.W.

SELECTED BOOKS

For the Student

By Major C. H. Douglas

The Alberta Experiment
Economic Democracy (4th Edition, 1934)
Credit-Power and Democracy (4th Edition, 1934)
Social Credit (3rd Edition, 1933)
The Control and Distribution of Production (2nd Edition, 1934)
Warning Democracy (2nd Edition, 1934)
The Monopoly of Credit (2nd Edition, 1937)
These Present Discontents: The Labour Party and Social Credit
The Nature of Democracy ("The Buxton Speech")
The Tragedy of Human Effort ("The Liverpool Speech")
The Use of Money ("The Christchurch Speech")
Money and the Price System ("The Oslo Speech")
The Approach to Reality ("The Westminster Speech")
Social Credit Principles
By Other Writers
The Meaning of Social Credit, by Maurice Colbourne
Money in Industry, by M. Gordon Cumming
The A.B.C. of Social Credit, by E. Sage Holter
The Economic Crisis (Southampton Chamber of Commerce Report)
The Nature of Social Credit, by L. D. Byrne
Social Credit, by A. Hamilton McIntyre, C.A

For the Citizen

When the Devil Drives. A Play by Margaret Carter
You and Parliament, by Dr. Tudor Jones
What's Wrong with the World? by G. W. L. Day
This Leads to War, by G. W. L. Day
Poverty Amidst Plenty, by the Earl of Tankerville
The Fear of Leisure, by A. R. Orage
Open Letter to a Professional Man, by Bonamy Dobree
Social Debt or Social Credit, by George Hickling
Why Poverty in the Midst of Plenty? by the Dean of Canterbury
Women and Poverty, by Jean Campbell Willett
Thy Will Be Done, by Lt.-Col. J. Creagh Scott
Debt and Taxation, by L. D. Byrne
Armageddon, by Lt.-Col. J. Creagh Scott
How to Get What You Want, by G. F. Powell and G. W. L. Day

Waste; The Chosen Fast of God; Feeding Ravens;
A Family Needs Money; Foreign Trade; Wasted Lives. (Folders)

Homeric Laughter

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

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

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

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