

THE FIG TREE

Quarterly

Edited by C. H. Douglas

Contributions by

The Editor

Miles Hyatt

Elizabeth Edwards

W. Lebel

Norman Webb

T. V. Holmes

A. R. Reade

B. M. Palmer

R. L. Northridge

Coal Nationalisation

Trinity International

The Ratepayer as Democrat

French Small Beer

Freedom to Choose

Social Credit and Alberta

The Strategy of the International
Money Power

Small Suburban

The Convention of Cost

Major Douglas on
Persons and Nations

B. W. Kitching, Geoffrey Dobbs, Geoffrey Johnson



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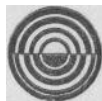
Editor: C. H. Douglas
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*But they shall sit every man under his vine
and under his fig tree; and none shall
make them afraid. Micah iv., 4.*

Coal Nationalisation

THE controversy now proceeding on the subject of Mining Royalties affords an excellent example of the workings of a spurious, as distinct from a real democracy.

To treat of the subject comprehensively would require considerably more space than is included in a complete issue of this Review. It would involve an examination of the methods by which popular and uninformed opinion has been worked up to justify the steady attacks upon a small, politically weak and mainly unintelligent body of property owners; not with the object of benefiting the general population, but of transferring a valuable asset to the control of International Financiers.

When I was in Washington in 1919, at which time the Sankey Commission was sitting in England, it was openly stated that a certain notorious witness before that Commission had been bribed with \$50,000 to advocate nationalisation. The theory was that the Wall Street holders of British War Debt wanted tangible securities behind their holdings, and coal was one of them.

Coal is “real” property just as any other tangible asset is real property. The current theory of real property is open to argument, although the case for or against the theory is by no means so simple as it used to be assumed to be, as both owners and non-owners are beginning to find out. But the treatment of mineral owners, when it is understood, would appear to outrage every canon of equity.

Coal sells at the pithead for 20s. per ton upwards. Of this the “owner” of the raw material gets about 4d. But although he loses his asset, the royalty paid to him is taxed, *in money not in coal*, first by inheritance duties, as capital, then again as income, and in addition is subject to unique taxes amounting to 2s. in the pound.

In the past the owner of the surface was generally the owner of the minerals under it. In addition, if he could afford it, and did not think the terms good enough, he could refuse to have the coal mined. Nowadays, he can be forced to grant a licence on practically standard terms, even though it may be obvious that surface loss will ensue.

It is quite probable that, over the past fifty years, the loss in surface values exceeds the total amount paid in royalties. It is beyond dispute that the export of coal from this country is a capital loss to Great Britain, for which the coal “owner” has, in the main, paid, although he may be incapable of appreciating the fact.

If the matter be approached from the attitude that the private “owner” has been gradually expropriated by taxation for the benefit of the general public, the delusion is even greater. In the past, the taxes have gone from the owner to the banker, who holds the National Debt. With nationalisation the public will be taxed to pay the interest on the bonds which will be exchanged for the coal. If anyone supposes that “National” assets controlled by international financiers will be operated for the primary benefit of either the miner or the consumer, I envy his Christian charity, but not his allotment of common sense.

L'appetit vient en mangeant. A “Government” which will expropriate on its own terms the Ecclesiastical Commissioners (who are the chief royalty owners) and the Marquess of Londonderry, will make short work of Bill Jones’s savings certificates and freehold cottage when it gets down to them. The Socialist thesis that something conveniently called the State is invested with a Divine Right to rob individuals, is, no doubt, delightful if only Dukes are robbed, and you are not a Duke, even if you get none of the loot. It is less amusing as the scope of the robbery widens.

Mr. Chesterton and his Distributists, in common with the Catholic Church, were fundamentally right in recognising stable property tenure as essential to liberty. The terms of tenure are probably far from satisfactory, either now or in the past, but they are most certainly not being improved by being transferred to the mercy of international usurers, whose policies are rooted in spurious values.

C. H. Douglas

Trinity International

By MILES HYATT

INTERNATIONAL surveys have almost reached the point where their value is nil, as surveys. The outlines of world-events and groupings are becoming at once clear-cut, in that two sharply defined political and economic systems can now be described and clearly observed, and at the same time blurred, because the frontiers of these systems shift from day to day—indeed, their very policies are interchangeable. It is this last fact which gives The Fig Tree reader pause. Can they really be two systems? Or are they in actuality only one?

An acute observer from Antwerp, commenting on the situation in December last, wrote:

“Business prospects generally may be a bit brighter in the world for the next month or two, but then I wonder what is going to happen. In my opinion, the world is going to be split into two economies, Great Britain—U.S.A.—France—Russia, and Germany—Japan—Italy—Spain, with perhaps Brazil. The last group has only one goal: the decline of the British Empire. Slowly but surely they will try to put Great Britain *a la porte* everywhere. First in Spain, then in China, then in Brazil (all these and other South American countries are going to default on their British loans), afterwards in the Arabian world, and when they are strong enough, and possess raw material producing countries of their own, then they will challenge the British money-power by a system of wholesale barter, and the City of London and Wall Street will have to suffocate in their own bank credits.

“Perhaps it is a lot of imagination on my part.”

That it was not imagination has been amply proved since by the Anglo-American trade-moves and the present situation in Europe, where encirclement of Germany has swung round to semi-encirclement of Great Britain and France.

But it is his last forecast which, reasonable as it appears on the face of it, needs the most searching enquiry.

Elsewhere in this number of THE FIG TREE a writer takes the view that Hitler and Mussolini, as being incurably hostile to International Finance, should be regarded in the light of actual or potential allies of all who are working for the freedom of the individual. The events of the last three months seem to me to underline the fallacy of this viewpoint and to demonstrate with unmistakable force that, though Hitler may, as Stephen H. Roberts asserts,* be “transparently honest,” his honesty will not be allowed to interfere with the future of Germany as envisaged by Dr. Hjalmar Horace Greeley Schacht.

*In “The House That Hitler Built.”

Amid the excitement of the Austrian coup we were allowed to overlook the facts that Dr. Schacht was being quietly reappointed Reichsbank President for a further term of four years, and that he had signalled his reappointment by decreeing that all German expenditure should henceforth be met in the orthodox way by taxation and by long-term loans floated on the money market. No more “secret debt,” in fact; the special bills would gradually be converted into a genuine National Debt of the older vintage, and the time at last had come for German citizens to foot the bill.

WHO IS SYLVIA?

Who is this arbiter of fate, Dr. Schacht? A director of the Dresdner Bank at the age of 26 and President of the Reichsbank in 1922, Nazi Germany is not the only Germany which has seen him hard at work. It is an open secret that Schacht was the man behind the inflation and the subsequent debt settlements which did more than any of the other operations to reduce Germans to the necessary mental, moral and physical breakdown in which alone National Socialism could become effective. Until the last great set of fetters were riveted on the Germans in the name of the Young Plan, he remained at the Reichsbank; then he retired and wrote a book against Reparations, thus winning his place in the ranks of Hitler.

In other countries, too, post-war central bankers appear as the modern equivalents of the Vicar of Bray, but not even

in England have their manipulations yet produced the horrors of the Second or of the Third Reich.

These men are best understood as satraps. Let us see what we can learn of the real intentions of Schacht. *The Economist* of January 22, in discussing the views of German banking circles in the current franc crisis, says that the market is calm but “there is apprehension for the other two partners in the Tripartite Agreement and for the international currency position in general.” Why should there be this touching concern over British and American monetary troubles? Goering and Hitler are surely not participators in it. Dr. Schacht, we learn, is for the Gold Standard, but Dr. Fünk is against it, and in favour of “a reasonable international clearing system”; Schacht’s journal *Die Bank* declares that “Reorganisation should never be allowed to be harmful to private banking as a whole” (*Financial News*, February 21). On April 11, the latter journal reports him to have said: “In six months’ time the Reich will be able to cover all expenditure from taxation and long-term borrowing.” A month earlier he was saying that Reich indebtedness had increased while private debts had diminished, but that it was now time to call a halt and institute “strict economy and control.” On May 6 he was writing in an Italian paper, “The paradox can only be solved by the knowledge that money becomes fruitful through work, to which it is inextricably bound.”

This is the man who, says the author of “The House That Hitler Built,” is indispensable to Hitler because “he is the only German leader who can command the respect of banking circles abroad.” Stresemann, Hitler, Baldwin, Chamberlain, Roosevelt, Daladier and Blum may come and go, but there is always Mr. Slawmy Cander dodging about unobtrusively in the background.

RESERVE SALIENT

The truth is that, however honestly or otherwise Dictators may be striving for this and that,* there exists no real conflict between Russian, German and Italian totalitarian policies, nor between any of these and International Finance. They are the Bankers’ Hindenburg line, in preparation ever since Douglas put his finger on the money-game in 1918. “Well, this trick has served us very well for centuries,” one can imagine them saying, “but now it’s busted. What next?”

*It is true that Hitler’s speech contained the words “ensure to the people a steady purchasing power together with an increased income through increased production”—but compare Roosevelt’s.

The next was administration based on the rule of the machine-gun, which, as Douglas early pointed out, is a credit instrument in itself. It provides employment and it keeps the employed themselves “contented.” Money was henceforth to be used as an auxiliary to naked force, and the people were to be hypnotised or bulldozed into asking for a Work Standard in place of the Gold one. That this is a fair picture of what has been going on must be apparent to any who follow the seeming inconsistency of policies pursued by the very people who have brought about the present Anglo-Italian entente, almost every one of whom was, only a few years back, an enthusiastic admirer of the *Russian* system. To point the moral, we are told that in Austria the aspect of Nazi reconstruction, which has most astonished the Austrians, is the large measure of “socialisation.” *

**Financial News*, April 11.

In Italy the persuasion used was the Communist menace, in Russia the Fascist menace; Germany was worked up by the unfair clauses of the Versailles treaty, and by deliberately savage financial tyranny designed to produce a complete reaction verging on mania. France is being shown the last futility of “democratic” mis-government, and in England we are being terrified into A.R.P. (the native form of S.A.) by the threat of sudden attack from the air. But the end is the same everywhere, and Mr. Slawmy Cander still presides. I am afraid that we are shortly to see a most desperate attempt to crush out all those of us who still stand for the “eternal verities” as Captain Michael Beaumont, on his courageous resignation from Parliament, recently called the conditions which alone make life human.

It may be objected that the machine-gun is not such a good controlling instrument as a money-system; that it is less subtle, more direct, and therefore more liable to be upset by an awakened public. But it must not be forgotten that a “consolidated” money-system will be there all the time, backed by, and backing, the guns. Humanity will have become frozen like its credits, and the freezing clement will be a fear even starker than that of poverty today. Further, religion will be called in to assist. Money provides its own mystical background, but the machine-gun does pretty well in relying on race mysticism, the deification of work, equalitarianism, proletarianism, historical determinism, and the new national god of Franco’s Spain, “milicia,” gracefully translated by *The Times* as “discipline, struggle, sacrifice and austerity,” —and labelled as Christian!

A CONSOLIDATED PEOPLE

The German scene is becoming perfect from the financiers' point of view, and it is not surprising that Schacht has decided to foreclose. A correspondent writes: "Germany is organised. Everybody belongs to some organisation, S.A., S.S., H.J., etc. Young or old, man or woman, there is one for every age. It seems that the principal aim of these organisations is 'marchieren.' The purpose of this 'marching duty' is to annihilate the will to do things individually. Frau—says that her children do not belong to her any more, as every day they have some duty to perform. She is bitter against 'marchieren,' as it injures their health." Every person is compulsorily registered at a Labour Exchange on leaving school. Thereafter neither he nor a prospective employer can move without permission of the Exchange. *

* A Press organ of the Ministry of Economics comments that young people "must increasingly take into account that they will be compelled to subordinate their private wishes in choosing careers to the economic and political exigencies represented by the Labour Offices."

A recent decree of Goering's enforces a year's employment on all young women under 25. One could cite instance after instance—but they all conform with my friend's definition as measures for the annihilation of the will.

SPHERE OF CONTROL

The Austrian business * seems to have made it only a question of time before the whole of the Danube basin is within the German economic orbit; and this means virtual conquest by Germany, as, whether ruled directly from Berlin or by puppet governments, the "ideology" of these peoples will doubtless be the same, and also the eventual effect upon their individual freedom. Thus these governments pass out of the control of London. In the past, Rumania and Yugoslavia were compelled to market a certain amount of their oil and mineral products respectively in England or France, in order to acquire sterling and francs to meet their foreign debt service, and the other Danubian countries were similarly tied down. Now such marketing will be on sufferance from Germany, who is in the interesting if anomalous position of being a debtor country to nearly all these small powers. Even Turkey is threatened, and her central bank chief has been called to London and "induced" to tie his government more firmly to the Bank of England by the acceptance of a credit for a five-year plan. *

*Due in part to Schusnigg's refusal to enter into a bargain with Goering for iron-ore as against the cost of oil extraction, on the grounds of Austria's "low purchasing power" and "trade relations elsewhere."

*Hungary has a five-year plan, too, with a capital levy to finance it. These "plans" form one of the most effective methods of conditioning a people for totalitarianism.

A meeting of the little Entente powers in May made overtures to Hungary and reaffirmed their support of the League of Nations, but at the same time expressed their concern for the whole Danube basin area and intimated that if the Balkans and Eastern Europe were to be encouraged to resist German aims, Britain and France should undertake to share the danger. Obviously Britain is unlikely to do any such thing. Czechoslovakia's plight is symptomatic—both of the position and of the British Government's attitude towards it. Since Henlein's ultimatum and Berlin's demand for a settlement by the autumn (when the harvest will be home and war presumably safer) the Czech Government has climbed down from firm resistance to offering wide reorganisation on Swiss lines; and Britain is ready to advise that even greater concessions should be made.

An actual military *putsch*, however, is more likely to take place towards Kiev, and the prospect of such a move partly explains the curious Polish *démarche* to Lithuania, the last of the French buffer states.

THE SACREE UNION

It is pleasant to find yourself in a country where a mere inversion of two words removes you from the inspired bankster blab of Government and press to what the ordinary Frenchman thinks of it all. We have nothing like this in England.

All French finance and French governments, Mr. Chamberlain and more recently Mr. Churchill have been urging on the unhappy French people the necessity for a *Union Sacrée*, a Holy Alliance, if I may so call it, of labour and capital, in the face of external danger. When Hitler marched so opportunely into Austria, French bankers might have passed a vote of thanks to him. *

* Or congratulated themselves, London and New York. *The Christian Science Monitor*, as reported in *The Daily Telegraph* for April 26, has a story that Britain and Washington were arranging the Rome Pact *last summer!* And if the Rome Pact, why not the Austria *coup?*

The Economist on January 22 said that France had a choice between more work and a lower standard of living; as the former alternative had been so far rejected, the latter would arise “automatically from the effort to improve public and railway finance.” Whether the effort itself was automatic, or even desirable, *The Economist* did not state.

By March 12 the second Chautemps Government needed 40 milliards for the year, and the franc, sensing trouble, became extremely moody. Francs and pounds are the only *individuals* whose psychological behaviour Finance recognises. By the 17th, Chautemps had asked for plenary powers, and Finance, suspecting exchange control and “inflation,” had turned him out. Re-enter Blum, who on the 26th was forced to ask for a five milliard advance from the Bank of France, the transfer to the Defence Fund of the Exchange Equalisation Fund’s profit of two milliards, authority to issue bonds, and revaluation of the gold stock in the Bank. He thought these measures would give him the necessary 40 milliards, and that this would not be a dangerous method of creating new money, provided measures were taken to give the franc police protection. Again finance smelled exchange control, and waited for Blum to commit himself further. Meanwhile, almost the most serious strikes in recent history were convulsing French industry all over the country, the French workers being impervious to appeals for modification of the 40-hour week at a time when, as they pointed out, industry was working only about 32 hours. These strikes, disavowed by even the Communists, were popularly dubbed “Trotsky-ite” by the authorities.

Blum fell on April 16. His plan threatened “to upset the stability of the London market, as the control then spread over various London banks” would be transferred to France. It included Exchange Control and—horror of horrors!—the suspension of the National Debt service. As Churchill so graphically put it, there was indeed “a nasty row about money.”*

*This venerable politician seems to take the view that the French are becoming very sordid.

Daladier, with Marchandeu as Finance Minister, and Reynaud as Minister of Justice, succeeded Blum, and, thanks to the obliging Germans, obtained immediate plenary powers until May 31, along with 10 milliards from the Bank of France to the man they could trust.

TREMULOUS DICTATORSHIP

But could they, after all? Time went on, and still the grand recovery plan delayed. M. Marchandeu, in consultation with such orthodox authorities as Rist, and backed by the stern financial purist Reynaud, was curiously unready to exorcise the ghost of French independence. *The Times* of April 22, commenting on the Minister’s greater willingness to receive a loan than to give away his schemes, remarked with touching naïveté, “A Government loan, after all, is the reward for a successful financial policy, not a prelude to it.” Rendering unto Caesar the things that are Caesar’s is done today only for a strictly limited period, and only so long as he pays for them and continues to behave himself. Marchandeu seemed at this time inclined to overdraw with the Bank to the limit of his powers, instead of balancing his budget, issuing a repressive Social Code and floating an orthodox loan, as was hoped.

Meanwhile, at the end of April, France became, in effect, a British Crown Colony. On the military side there was to be “pooling of financial resources” and joint purchases for rearmament, with a more or less common air force under British control.

On May 3 came the first section of the plan—not the “clearly defined sacrifices for all” which *The Times* says would have been best as “appealing at once to the patriotism of the public, and to the less noble emotion which enables men to bear more lightly an evil shared.” The truth is that, ferociously as the new decrees savaged the not-so-poor, even that Roman Father, Paul Reynaud, was still intimidated at the prospect of taking steps about the 40-hour week; and finance signified its reproof by pushing the franc down a further three points.

The same day, the French Ambassador in Washington called on Morgenthau twice (with Bewley, British Embassy Financial Counsellor, present), apparently to ask what *would* satisfy them.

The “extraordinary” Budget disappeared into the ordinary one, which was further swelled by the paying over of the Pensions Fund. All taxation direct or indirect, except on tobacco, was raised by 8 per cent; the Customs were to go up in July and a special surtax was imposed on National Defence profits. A measure of “inflation” was the decree that bills drawn by government contractors might be discounted as legal currency. Finally, the low level of the franc was

fixed at 179 to the pound—fixed but not stabilised.

The fiction of all the little investors repatriating their capital was now illustrated by a perfectly farcical “flow” of £35 million on the same day as the decrees. Yet the Daladier administration had still not fully satisfied the powers that be; the French will was insufficiently annihilated. A note of discontent was well struck by *The Times* of May 5: “If they shrink, events will defeat them.” The time to act was come, now that “Parliament was safely packed away” until May 31. “Sacrifices there must be from every side,” moaned this noblest journal of them all, “in the form of work from those who have only their hands to give and money from those who can reasonably spare it.”

Though not, of course, from the banks.

A Century Ago

It is no longer necessary, except through ignorance, that “man should earn his bread by the sweat of his brow,” for the inventions and discoveries which have been matured and which are now in full practice are more than sufficient, with very light labour, under a right direction, to supply the wants and insure the independence of all without real injury to any.—*Robert Owen in 1829.*

The Ratepayer as Democrat

By ELIZABETH EDWARDS

I.—DISAPPEARING FREEDOM

IN the last six months the press has treated us to a great deal of ballyhoo about “Democracy” and “Freedom,” setting them opposite to “Fascism” and “Dictatorship” and drawing conclusions one way or another. It is all very uplifting—and so thoroughly exhausting that one pays very little attention to the conclusions.

Closer consideration of the phenomenon shows that authentic democracy is not in question, but the Idea of “Democracy”; they discuss “Freedom” (with a capital F), not freedom (with a small f) which we know in daily life, even if only by its absence. It is a subtlety of words, a distinction between the meaning of a word and the meaning of its meaning, that has serious implications in the present type of civilisation. The abstract term “freedom” is a convenient summation of the qualities of freedom common to a number of separate examples. Immediately the small f gives place to the capital, the term exchanges exactitude for a halo of flamboyant and largely meretricious associations that have little to do with the exercise of freedom. The synthetic “Freedom” is used as a safety valve for the escape of emotions that would otherwise be directed to action in defence of freedom. The relationship between the meretricious Freedom and the authentic freedom is similar to that between the British Nation and the individuals that compose it. This extreme polarity between a word and its meaning is a recent development of the immense power of the press, cinema, radio and other instruments of modern propaganda which can attribute a new meaning to a word overnight and by “modern psychological methods” give it gloss and charm so that the finest subtlety of thought and emotion is lavished to no purpose.

Our values are so confused that even the Member of Parliament who during the Budget speech implies that Democracy is the ability to Balance the Budget raises no astonishment, and the city editor of the *Evening Standard* can solemnly, and with no fear of ridicule state that:

“if we spend huge sums of money on pensions we will create a nation of aged people. If we give pensions to spinsters we will create more spinsters—the fertility of the nation will go down, or its view of morals will change for the worse. If we pay women school teachers high wages and put restrictions on the employment of married women as teachers we shall have a vast body of women who will pretend to rejoice in the single state ... In other words there is always a danger in social services of subsidising old age and infertility rather than youth and the reverse . . . Subsidisation of any sort, in my view, is a great evil. But if we are to have this sort of thing it should be in the direction of financing opportunities for the useful employment of youth.”

Which shows a very macabre sense of values.

It is generally safe to presume that ballyhoo respecting "Democracy" and "Freedom" (as distinct from the last quotation) covers some further encroachment of democracy and restriction of freedom. There are signs that this is so in the present outburst.

Cases in the courts give some indication of the way the wind of liberty blows. There was, for instance, the case of Mr. Vernon. Four men stole some property of Mr. W. F. Vernon from his bungalow at Farnham, including books and documents. Mr. Vernon was a civil servant employed by the Air Ministry and a Socialist. The thieves were taken, the property identified and the men prosecuted. When the case came up at the Quarter Sessions, it was so conducted that Mr. Vernon appeared to be in the dock and the thieves almost assumed the role of prosecutor. The defending counsel used the stolen documents, against all rules of evidence, in an effort to prove that Mr. Vernon was disloyal to the Crown.

A recent tendency of magistrates, apparently inspired by the recruiting drive, is to order offenders to join the army or the navy or be sentenced. This was checked in March, when a question was asked about it in Parliament. It is obviously neither just to the offenders nor an efficient method of recruiting for the army. The practice of commenting on the behaviour of the prisoners is also frequently abused: "If I had my way," said the chairman of the Sunderland Bench, after imposing a fine on a prisoner for being drunk and disorderly, "a lot of these parasites would go. I would not put up with you. You should be sent to prison. That is the way to treat people who get U.A.B. or P.A.C. relief and spend it on drink. You should remember that you are being kept for nothing..."

The development potentially the most dangerous to our freedom is probably the inflated enthusiasm for Air Raid Precautions, with its tremendously intricate and complicated organisation of voluntary work. Enthusiasm is fostered by the press and stimulated by scares about the inefficiency of the war departments. Taken in conjunction with the cautious introduction into the conservative press of the idea of conscription of labour, and the concern shown by central authorities over the financial position of local authorities, it has unpleasant possibilities.

II.—CONSTRUCTIVE ACTION

Constructive movement towards authentic democracy was chiefly exemplified six months ago by small-scale action on "local objectives." This has continued in the last six months interpenetrating the larger, more vigorous campaign for lower rates which resulted from it. An interesting point about these "local objectives" is the occurrence of a distinct time-lag; in cases where a demand by the majority of people concerned has been arbitrarily rejected and the subject closed, the demand has been unobtrusively carried out six or nine months late. Examples of this are the request for road-repairs in the Hebrides and the arrangements for a more accessible school for the younger children at Bedford, where there was a school strike.

The argument for democratic control of policy is unanswerable and remains unanswered even in cases where the people's will is arbitrarily refused. The people only realised the power of the weapon they had found, however, after the successful action at Sheffield, in which electors and ratepayers reversed the attitude of the Finance Committee in the space of six weeks, obtaining an assurance that rating assessments would not be increased in the forthcoming revaluation.

RATING ASSESSMENTS

In 1937-38 revaluation was proceeding throughout most of the country, in preparation for the third new valuation lists on which rates were to be levied in 1939. Rating assessments were being revised according to the provisions laid down in the 1925 Rating Act, which had never before been applied strictly, on the grounds that conditions were abnormal. Increases in assessments were bound to follow and the owners of small post-war houses would suffer severely. Ratepayers were touchy on the subject, and the feeling against any increase in assessments was practically unanimous. The first fine flare-up on this fuel was the Sheffield demand. A few weeks later the ratepayers of Belfast took a firm stand against the unnecessary expenditure of £100,000 on new offices for the Water Commissioners.

The success of these two examples of democratic technique applied to an end that affected them deeply encouraged ratepayers in other towns to express their alarm at the proposed increases in assessments and to demand that they should not take place. The matter was brought up at meetings of ratepayers' associations all over the country and in many cases became the crucial question on which the continuance of the active life of the association depended.

By this time the importance of the dual basis of local taxation had been realised. Ratepayers did not want to pay out

more money in local taxation and were willing to back up their wishes with action. Assurances of no increases in assessments were therefore of little use without similar assurances concerning the rates. In the early part of the year assessments were the focus of interest; they were rising wherever revaluation took place. The rates clause in the demand was there chiefly as an assurance.

By mid-February agitation preparatory to the collection and enforcement of the people's wishes concerning local taxation was in progress in 15 places; in 15 more there was preliminary action; and in six centres from Newcastle to Poole demands were being collected and the full wishes of the people were being transmuted to the representatives of the ratepayers on the local authorities. As the revaluation struck each assessment area in turn, an outcry arose in that district. In some places there was direct action—in one place in Middlesex mass appeals against increased assessments were made to quarter sessions; some rate strikes occurred; in one part of Manchester rents rose in consequence of higher assessments, tenants refused to pay them and many were ejected from the houses. In the more prosperous places, however, there was less vitality.

The members of the local authorities were by no means unwilling to receive such a mandate from their electors; in part they realised their democratic function of transmitting the pressure, and in part, no doubt, they had a healthy instinct to pass the baby. Matters were helped by the fact that a memorandum issued by the Central Valuation Committee in June came under discussion in several district councils at that time. One passage in particular aroused the most acute indignation:

“Good faith and efficiency on the part of all the local authorities concerned in this matter are so important that if, after the third new valuation list has been made, the Central Valuation Committee have grounds for believing that there is neglect or evasion of duty in any area, and that the neglect or evasion is not being adequately dealt with by the local authorities primarily concerned, the Committee will consider it their duty to take such further action as will lead to the fulfilment of the purposes for which they were constituted and the proper attainment of the objects of the Act.”

A councillor from a local authority near Manchester said that it was the most “Nazi” leaflet he had ever read. It certainly stimulated members of the local authorities to oppose it on the mandate of their electors.

Under pressure submitted from all sides the Ministry of Health moved, and in February Sir Kingsley Wood announced that, on the advice of the Central Valuation Committee, he had postponed the coming into operation of the new valuation lists until 1941. He had taken this course mainly because of the pressure being applied by some of the local authorities. The tenor of the Central Valuation Committee's recommendations had been exactly reversed since June.

Northampton had an epilogue all to itself. There, revaluation had already been completed and the new lists were to come into operation in 1938. Under pressure from the ratepayers, the local authority asked for and obtained a special order for the postponement of the operation of their lists until October, before which time further legislation would be introduced.

Legislation has since been introduced enacting the postponement of valuation.

RATES

Victory acted as a stimulant. First returns of county rates were being published; later the borough rates were discussed. It soon became evident that rates in general were going to rise. In fact, out of 61 county councils, 44 have increased their rates this year, 11 have made no change and only six reduced them. Out of 93 boroughs, 72 have increased their rates, 19 made no change, and only two reduced them.

Although assessments were fixed, it was plain that with rising rates ratepayers would have to pay as much as ever, or more. So emphasis shifted, and popular demand was directed on to the objective of keeping the rates low without decreasing social services. In mid-March ratepayers were active in more centres than in February. The democratic method was repeatedly successful: Belfast, Poole, Gateshead and Bangor in turn sampled the “curious efficiency” of the democratic technique, and reduced threatened increases of rates.

The United Ratepayers' Advisory Association was formed in March. This is a commercial concern which sets out to “advise ratepayers on democratic action, that is, how to organise direct pressure on local administrations and other institutions to gain results that the people want; and, secondly, to clarify the financial obstacle which obstructs their purpose, by providing information on the nature of money loaned by financial institutions, and to advise local

administrations what action to take in this regard.”

Action for “lower rates without decrease in social services” was at first hampered because ratepayers thought it too good to be possible.

Since its initiation in March, the U.R.A.A. has consistently directed attention to the facts of local government debt and the mechanism of repayment, and pointed out that suitable adjustment of methods of issuing financial credit based on the people’s own physical credit would be far more productive for the ratepayer than any economy cuts in the social services. The association has placed at the disposal of ratepayers conclusive evidence that the money they borrow at a substantial rate per annum is created by banks practically costlessly and could be issued for a small single payment.

In the four days, May 16-19, the relation of money and its creators, the banks, to wealth and to rates and taxes was exposed at a series of meetings all over the country. It was shown that rates and taxes could be paid from bank-created money. Preliminary reports from these meetings show encouraging results in raising the faith that the objective is a possible one. At Liverpool, Penarth, Nottingham and Eastbourne, to take some examples, between 400 and 500 people attended the meetings, and 200 at Portsmouth and Bradford. At most of the meetings the facts about money were received with enthusiasm—at Nottingham they were greeted with cheers—and resolutions were passed enquiring into the ownership of local debts, and starting demand on democratic lines for lower rates with no decrease in social services. There were, of course, some dissentients, but the conviction of the possibility of lower rates, which was brought home during these meetings, has given an explosive start to the demands in many parts of the country.

The Government is watching; it has considered a conference of local authorities on rising rates; in the House of Lords, Earl de la Warr dismissed a proposal for a Commission to enquire into the subject and foreshadowed wider control than the present local authorities; and the Minister of Health has issued a circular calling for more planning by the local authorities.

It is evident that without pressure from the people the Government will not find the democratic solution, but will introduce far greater restrictions. Two sets of factors appear to lead to this: firstly, the (regulated) concern in the national press at the increase in rates, with slight censure of local authorities and cry for greater economy; the question of priority in local government undertakings; and the careful trial of feeling as to labour conscription by speeches, articles in the papers, etc. Secondly, the tremendous wave of apprehension—easily quickened to panic—about Defence Measures. It seems possible that the Government, after reprimanding local authorities for extravagance, will, in recognition of the urgency of Air Raid Precautions and in the interests of “wise spending,” relieve the local authorities of most of their independence. At the same time, owing to the urgency of the crisis, they will probably find it “necessary” to introduce a mild form of labour conscription.

The choice between the two paths lies with the ratepayer; it is only his insistence that will bring the freedom of lower rates.

Can he again be bamboozled into Sacrifice for the Good of the Country? Or will he realise that the responsibility lies with himself?

French Small Beer

By W. LEBEL

A SMALL French town, not much more than an oversized village, sits astride a meandering river. There is the watermill, the bridge, the ruins of a castle on a nearby hill, the church dating from the Spanish occupation, and then the hub of everything, the Grand’-Place, with Town Hall and the dwellings of the bourgeois of consequence intermingled with the shops and cafes.

The principal interests of the district are agricultural, but besides there is a shoe-making industry, run mainly by Spaniards, and on the outskirts a modern enamelware factory animated by Belgian initiative. Politically most French agricultural centres are conservative or at the outside respectably republican, but our little town has the reputation of including an active element, which is decidedly “gauche”, and this explains the presence of placards on the walls extolling advanced notions.

The main outlet for the products of the shoe industry being the fashionable shops of London, activity wilts or flourishes according to the rate of sterling. At 75 francs to the pound, times were bad, but at 160 Bond Street is on the map again. The destinies of the enamel works seem to depend likewise on the combined influences of high protection and a low franc.

At first sight, the price of local-grown wheat in France might seem to be quite a domestic affair, but there is a mysterious connection between the price of wheat in France per “quintal” (say one hundredweight) and the franc-sterling exchange rate . . . Before the war, wheat was selling in France at about Frs.25 per quintal—so was the pound sterling obtainable at Frs.25 or so. Since 1919 the curve of wheat prices in France, and the exchange rate of sterling have shown a remarkable affinity. We find wheat following the pound up to 40, 50, 75, 100 francs per quintal, and in July 1926, when the pound touched Frs.240, wheat went over Frs. 200. From 1929 to 1932 wheat prices were adjusted down to the Poincaré sterling rate (Frs. 125), and when the pound left gold and fell to about Frs. 80, wheat prices in France dutifully followed, remaining on that level (more or less) until the autumn of 1936.

Like our local shoe industry, therefore, agriculture also was in the dumps during the four years previous to August, 1936; but, obedient to the same mysterious influence, wheat is now selling at Frs. 170/180, and we find the pound sterling, as if by chance, at about 175.* So it comes about that the simple and peace-loving folk of this little French town find themselves inextricably entangled in the rate of exchange between two abstractions, and, willy- nilly, they become innocent victims of a senseless economic war directed from distant centres. While they, together with the whole productive and agricultural capacity of their country, are able to produce more than they want, their power to consume is chronically restricted, and, if it were not so pitifully tragic, it would be amusing to note the individual local reactions.

*Early in May.

The farmers are pleased with the present price of wheat (which sets the pace for most other agricultural products), but they are correspondingly indignant at the price of bread, agricultural implements, clothing, petrol, etc. On balance they are slightly better off than they were with wheat at 80 francs, but they are disinclined to spend the surplus, having experienced “rainy” days before. The local shopkeepers are in a dilemma. Their stocks have been “revalorised” by some 50 per cent, but they are able only to sell that proportion the less, and they are loud in their protestations against everything in turn—the government, the pound sterling, Hitler, armaments, overproduction, and the niggardly farmers who cash in Frs. 180 for wheat, but refuse to “let it go.”

Animosity, not to say open antagonism, between traders plying the same business is distinctly evident. The competitor is always suspected, if not openly accused, of employing “disloyal” methods in order to attract custom, and in turn, while awaiting the elusive client, every shopkeeper is peering out from some vantage point, to note who might be entering the establishment over the way.

The local cinema proprietor enjoys—up to the present—a privileged position which amounts to a scandal. He is alone in the district, and, with neon lights and a sign visible half a mile away, his establishment is a veritable magnet for five-franc pieces. To add insult to injury, he actually combines a hotel and cafe, and for the latter comes in for particular abuse, for at the customary “entr’acte” the other cafes next door, opposite and round the corner, pretend that they have some right to the patronage of cinema-goers feeling the urge for “a quick one.” Some spectators do dribble over to the opposition camps, but as soon as the bell rings they file out again to follow the adventures of Mickey Mouse or the latest of the inimitable Marlène.

The lady keeping one of the four drapery stores is most emphatic in her denunciation of cinemas in general, and the local establishment in particular. “When you just imagine,” she said, “the place is full every night, and how many five-franc pieces are thus “englouties”! “So much lost *pour les commerçants, n'est-ce pas, Monsieur ?*”

Market day every Saturday brings its diverting bustle and excitement, and a number of likely clients from outlying districts. This used to be the day of days, but now local traders consider they are seriously handicapped, rather than favoured, by market days; for while some outside consuming-power does roll up, so do the “Marchands Ambulants” (glorified hawkers with natty stores on wheels), who set up their stalls and expose their wares on the very doorsteps of the consumer-power-famished local shopkeepers.

Even on fête-days, when the travelling merry-go-rounds take possession of the Grand’ Place, the children, and not a few grown-ups, may enjoy themselves (at some loss to the cinema), but, while there is a crowd round the glittering “bons-bons” stall, munching for all they are worth, the local sweet-meat merchant stands at his door with folded arms and listens to “Ramona,” computing the amount of consuming-power being diverted to “foreigners.” Then, when the

show moves on, and the Grand' Place resumes its usual aspect of an empty barracks-square, nodding heads know for a sure thing how much the Show-Man has pumped out of the local reservoir. "*Pensez-vous*—at two francs a round, and a crowd all the time—good job they do not come every week."

It has happened, however, that an unsuspected source of vivifying consuming-power has released its flow, and afforded very temporary relief to the prevailing drought. For instance, when the watchmaker had a lucky draw in the Lottery. It was first noised abroad that he had won 40,000 francs, and unrequited creditors were secretly jubilant, but this was unfortunately "démenti," for in truth it was but 12,000 francs. Escorted by two worthy bourgeois who knew their way about, Monsieur Horloger betook himself to Paris, and duly returned with twelve crisp blue-tinted "billets," quite new—in fact they might have been specially printed for this auspicious occasion! There was a round of the cafés to celebrate this providential descent of manna. Creditors were first treated to multi-coloured drinks, and then offered something on account "to be going on with." What did not go to extinguish debt soon gravitated into local tills, and for her part, the lady draper was called upon to provide young Horloger with a complete new wardrobe. "Just fancy, a pair of everything! Marvellous what good a lucky lottery ticket can do, *n'est-ce pas?* We could do with this every day." The good lady failed to realise that what local trade had thus gained, some other places must have lost, just as if a transfusion of blood had been made from a man's leg, to be injected into his arm—and with some waste in the process.

This little picture, true to life, could be reproduced to represent hundreds of other rural centres in France, and duly enlarged could be applied to the entire country. We are suffering from the disease of the age, which is anything but "galloping consumption." Consumption could, and ought to be, careering along, bridled only by total capacity to produce, but it stumbles along with feet entangled in a skein of absurd abstractions, which, with all their power, can neither feed, clothe nor house. Perhaps it is well for our humble friends in this little town that they harbour so active a "gauche" element, singularly alive to the needs of the hour. It might occur to these people one day that there is (in the French language) an interesting analogy between the "Billet de Banque" (bank-note) and "billet de cinéma, de chemin de fer, etc.," and once this occurs to them, they will want to know how it is there is never a dearth of railway or cinema tickets, and what are the peculiar difficulties surrounding the creation of adequate "billets" of the crisper sort. The ultimate happiness of these people depends on how soon, and with what insistence that question is asked—and how it is answered.

The Rogue's Progress

"It is alleged that the new system is injurious by shackling the bank in the use of its credit, and the answer is that it does this in order to prevent the greater evil of the over-issues of paper. The Act prevents the bank from issuing substitutes for money . . . The gold in the issue department of the bank was not purchased by the bank, and does not belong to it. The bank is its keeper but not its owner. It belongs to the public, or to the holders of bank notes, who deposited it in the bank in exchange for notes, with and under the express stipulation that on paying the latter into the bank they should receive back their gold. Any interference with these deposits would be an interference with property held in pledge for others, that is, it would be an act precisely of the same kind with that which exposes private bailees to penal servitude."—*From the 11th Edition of the Encyclopaedia Britannica. Contributed by Lionel H. Courtney, Professor of Political Economy in the University of London.*

"No one asks what stock of gold is held by the bank on which the cheques are drawn, or what the bank itself keeps in reserve. The whole is taken in faith on a well-founded trust."—*Op. Cit., 11th Edition.*

"Banks create credit."—*Op. Cit., 14th Edition.*

Freedom To Choose

Scenes from an Unwritten Play
By NORMAN WEBB

(Three people are seated at tea in the lounge of a Swiss hotel. They are a woman novelist, a young clergyman, and a sociologist. Roughly—very roughly—they may be taken as representing Intellect, Emotion, and Science.

The background is cosmopolitan; smart and flavourless, with the inevitable noisy orchestral accompaniment. The

party has only recently made one another's acquaintance, and the conversation is free from subtleties of prior associations.)

NOVELIST (*in the act of pouring out tea*): Everyone has a right to his opinion. One lump or two?

SOCIOLOGIST: Two, please. Yes, that is essentially what I stand for. But it is not to say that everyone's opinion is right—or, indeed, anybody's.

CLERGYMAN: There is such a choice of proposals for curing the world's ills; how is one to judge, without swatting up political economy and all that sort of thing?

NOVELIST: Why bother about it? Civilisation—our particular brand of it, anyway—is breaking up. Does it matter much? Listen to that orchestra. Music like that foretells dissolution. Twentieth century “keeneing.” It can't last much longer. Take my tip and cultivate a kindly toleration for everybody's pet schemes. It does no harm, and saves a lot of argument.

CLERGYMAN: But how do you know it isn't apathy?

NOVELIST: I don't. I only know I used to agonize over the whole horrible industrial mess; but you can't rouse me now. The comfort it is!

CLERGYMAN: It's plain we've lost our way, both spiritually and politically. I feel it is up to the Churches to point the road, but we have no unity. (*Turning to the sociologist*) Is there no test by which we can sort the true from the false in all these rival systems at work today—tell the good from the bad?

SOCIOLOGIST: Good and bad? Those are dangerous terms. Good or bad for what?

CLERGYMAN: I don't quite understand you.

NOVELIST: Isn't that the Church all over! Half the misunderstanding in the world comes from people with entirely different ends in view using terms like good and bad as if they had an absolute meaning.

SOCIOLOGIST: The lady is right, you know. I must repeat—good or bad for what? Suppose we are at a crossroads and you ask me how you are to tell the right road to take. My first question is, where do you want to go? That would appear an essential preliminary to any help or decision. The “right” road is relative to where you want to go, you see.

CLERGYMAN: Yes, I admit that. But I am firmly convinced of an ultimate, absolute Truth.

SOCIOLOGIST: So am I.

NOVELIST: Pilate asked Christ what was Truth, and if report is correct, struck him dumb. I always look on that episode as one of the worst holes in the Christian armour.

CLERGYMAN: It's very easily explained.

NOVELIST: Are you wiser than Christ?

CLERGYMAN: No, of course not. Christ knew that Truth cannot be stated, because it is not a statement, but a condition—the Realm of God.

NOVELIST: How they must introduce their religious clichés!

CLERGYMAN: Not mine, but Christ's. Christ *himself* was Pilate's answer.

SOCIOLOGIST: Truth—the Realm of God! I have a feeling we are approaching a definition of your objective, of the destination you want the road to. Would it do you if I put in this form? That while in one sense the end of man is unknown, in another it is, quite definitely, to understand the true facts of existence—in other words, to know the Truth?

CLERGYMAN: Certainly. I can see no other end. “To know, even as I am known,” as St. Paul has it. But surely that's too big, too general a statement of our aim to be of practical use in distinguishing between rival schools of political thought?

SOCIOLOGIST: Not at all. Believe me, if we really know what we want, it is quite easy to distinguish what ministers to our want from what is opposed to it. What are the conditions most likely to minister to our need for an understanding of the Truth?

CLERGYMAN: Those conditions—for me, at least—consist in submission to the Will of God.

NOVELIST: There you are again! I really began to think we might be getting somewhere, and you go begging the whole question. How are we to know the Will of God? It's just what you do in hundreds of thousands of pulpits all over this distracted planet every Sunday morning. Have another cup of tea? You don't deserve it.

CLERGYMAN: I'm sorry if it upsets you; but it means everything to me.

SOCIOLOGIST: It's all right. We're still making headway. "Submission to the Will of God"—whatever that means—emphatically it does not mean one thing, and that is submission to another human will.

CLERGYMAN: Oh, but it might come to that—if such submission was the means to God's purpose.

SOCIOLOGIST: We are not talking of means at the moment, but of ends. Means, methods of achievement, require discipline—in fact submission to discipline is the only way of carrying out anything; but with this overriding condition—that God's Will, as you call it, our objective, our policy, has already been ascertained and agreed to, in freedom, without pressure. On that point no man can judge for another.

CLERGYMAN: Yes, I agree. God not only doesn't ask such submission of anyone, He definitely forbids it—at least, so it seems to me, if I understand Christ's teaching in the Gospels.

SOCIOLOGIST: If pressure from others exists, there can be very little chance of our arriving at what you call God's Will, which is manifestly neither another man's will, nor your own.

CLERGYMAN: The human will is the enemy of light always.

SOCIOLOGIST: So that, as we are agreed that the full understanding of the Truth is the end of man . . .

CLERGYMAN: Yes.

SOCIOLOGIST: ... it follows therefore that freedom from domination by the human will—our own or anybody else's—is the only and proper means to that end?

NOVELIST: You're quite sure you're not trying to dominate him at the moment with your own human will?

SOCIOLOGIST: No, I'm only pressing for clarity. I'm sorry if I'm too urgent.

CLERGYMAN: It's all right. I agree willingly. Look, I'll put it down so that there is no mistake. (*He takes a notebook from his pocket and writes*): "My policy is to understand and demonstrate the Truth. In other words, to learn God's Law, and conform to it." (*Smiling*) Will that do you?

SOCIOLOGIST: First rate. We'll refer to that again. Now this: "And I agree that the means to that end must be the maximum individual freedom for all."

(The Clergyman writes it down.)

NOVELIST (*sharply*): What do you mean by freedom for all? The masses let loose? I don't agree with that. They need to be educated first. They're not fit for such responsibility.

CLERGYMAN (*smiling*): Excuse me. I thought you said, that nothing could move you any more.

NOVELIST: Neither it can. That was only momentary. The grotesqueness of the suggestion that the masses are fit for freedom of any kind!

SOCIOLOGIST: Then who is fit?

NOVELIST (*a trifle shrilly*): We're none of us fit. Look at the world today. Society needs a strait-waistcoat. For God's sake educate the people before you give them freedom.

SOCIOLOGIST: Why cry to me to educate them? “Can the blind lead the blind?”

NOVELIST: The devil quoting scripture! You said you never went to church.

SOCIOLOGIST: I didn’t brag about it. I have neglected the Bible, to find at this late hour that it is a first-rate economic and political textbook.

CLERGYMAN (*turning to the novelist*): You talk of educating the people—but the truth is no one of us is qualified to teach his neighbour the Will of God. It is a purely personal matter.

SOCIOLOGIST: That is my whole point. Collectively we can only strive for the conditions in which it can best be learned.

So that this road that we are looking for, at least one of the conditions it has to fulfil, is now plain—it must lead towards individual freedom, and not away from it.

CLERGYMAN: Yes; we are agreed as to that—we two, at any rate. I am learning fast this afternoon.

SOCIOLOGIST: I, too, have to admit to a help I would never have believed, in translating philosophy into the language of the Spirit. We have come quite a long way. Dare I ask for another cup of tea?

NOVELIST: Will you pour it out yourself? I must go and change. I feel a little out of it—you two are getting on so well—but nevertheless, may I suggest we forego our bridge after dinner, and take it up again?

CLERGYMAN: Splendid. I’ll fetch you.

(*She goes out, walking somewhat dispiritedly.*)

SOCIOLOGIST: They tell me her books are very brilliant.

CLERGYMAN: Poor woman, she’s unhappy.

SOCIOLOGIST: She’s desperately frightened.

(*Another corner of the same lounge. The Sociologist stands by three chairs pulled confidentially together, and to him come the Novelist and the Clergyman. All are in the conventional hotel dinner clothes.*)

NOVELIST (as they take their seats): I’ve been telling him you have designs on him. I was thinking it over while I changed. I’ve a suspicion you’re a disguised revolutionary of a particularly upsetting kind.

CLERGYMAN: I’m a bit of a revolutionary, too. I study to be ready, and I hope am, for anything implied in Christianity—and that’s a great deal.

SOCIOLOGIST: You see the company you’ve fallen among. You don’t mind? (*She shakes her head.*) Very well then—having settled our objective and the means to its attainment, you see we have at once the test you originally asked for, to apply to every proposition confronting us—to what extent does it make for individual freedom.

NOVELIST: He’ll corner you, if you’re not very careful. Socialism and the rest—they’re all opposed to individual freedom and laissez-faire, and in my opinion quite rightly. But the condition you’ve agreed to rules them all out?

CLERGYMAN: Surely not entirely. Communism, for instance—

NOVELIST: You wait and see if it doesn’t. And it’s fantastic to suppose there’s nothing to be said for any of them. There’s a whole lot; and for two pins I’d say it—though I gave up all that sort of thing years ago.

SOCIOLOGIST: I never implied there was nothing to be said for them. On the contrary, there is, as you say, any amount. But for our purpose it is all quite beside the point—our point, of ministering to individual freedom.

NOVELIST: Maybe, but I don’t subscribe to your point.

SOCIOLOGIST: Then I am afraid you must submit to being ruled out of order—for the time being.

CLERGYMAN: To apply our test, then, to the proposals of the Socialists or the Communists or the Fascists

NOVELIST: They're rather more than proposals, you know. Some of them are in operation, I'm told.

SOCIOLOGIST: They all equally break down on the first count.

NOVELIST: Ah, ha!

SOCIOLOGIST: Keep an open mind, and you have to admit that no theoretical, planned, state meets our needs at all.

CLERGYMAN: That, surely, is a bit sweeping?

NOVELIST: I warned you he'd corner you.

SOCIOLOGIST: Look at it fairly. Whatever else it may imply, freedom does not consist in participating in some idealistic scheme not your own, no matter how good, or efficient, or moral, it is.

CLERGYMAN: Do you imply there is nothing to choose between, say, Communism and Fascism?

SOCIOLOGIST: From our point of view, you mean? The freedom of the individual?

CLERGYMAN: Yes.

SOCIOLOGIST: None whatsoever. Since they are not directed towards what we are agreed is the "end of man," their relative merits—which, naturally, bulk very large in their own eyes, and indeed are held worth a first-class war in Spain -----

NOVELIST: It would be fine if we could all fight our wars out in someone else's country!

SOCIOLOGIST: ---- their relative merits are a matter of no importance to us.

NOVELIST: Just to hear you!

SOCIOLOGIST: No, don't misunderstand me; I'm not disparaging them. I am merely saying they are no use for our—his and my—purpose. They are Utopian—based on ideas which are personal, not on facts which are universal.

CLERGYMAN: And have we no use for ideas?

SOCIOLOGIST: Agree that there is some other end to existence than the understanding of the Truth, and then you may find that ideas are excellent for your purpose; in fact, that there is nothing for you but submission to some idea; which in the nature of things cannot be your own, unless you happen to be a very strong person indeed. But while we hold knowledge and Truth before us, there is nothing for us but facts.

CLERGYMAN: Yes—I see your meaning. Ideas, no matter how good, are of man, and are neither wisdom nor knowledge. Facts, on the other hand, are knowledge, and—yes, I see this, too—are God's ideas. And our acceptance of them is wisdom.

SOCIOLOGIST: Well, it doesn't present itself to me in that form. But I think you're right. This liberty ——

NOVELIST (*interrupting*): I think it is time we had a definition of liberty.

SOCIOLOGIST: Quite simply, it is freedom to choose—to choose, or reject, one thing at a time; not an assortment, like a political party programme.

CLERGYMAN: I don't quite see the distinction.

SOCIOLOGIST: It's a definition worth giving some thought to. It comes from a profounder source than my brain.

NOVELIST: There's a lot of nonsense talked in the name of freedom.

SOCIOLOGIST: There is; but it is largely because people do not recognise that freedom is freedom to choose.

We're too prone to behave like the hearty soul described by Chesterton, I think, who welcomes you to his house by saying it is Liberty Hall, and you find you have to drink beer, whether you like it or not. You are not free, you see, but under the domination of his idea of freedom.

CLERGYMAN: There is certainly no freedom in our meaning of the word in such a country as Germany today. But I still feel it is too sweeping to say that there is nothing desirable or to be applauded in a system that has brought an unhappy and defeated people to such a comparative degree of happiness and order.

NOVELIST: Compare the state of the proletariat in Russia before the war with their present condition. They hadn't much freedom of choice then, whatever they may have now.

SOCIOLOGIST: No, and again no. It is all beside the point. Don't think I'm just being obstinate in this matter. But we must have an objective—know where we are going, or we can get nowhere. Our destination is Knowledge, Reality, and our agreed method of attaining it, Freedom.

CLERGYMAN: You mean there can be no deviation on policy?

SOCIOLOGIST: How can there be? But I can put it far more simply than that. I am bound for London. You can tell me what you like about the road to Bristol. It may be tree-lined and starred with the most superb pubs, dispensing the loveliest ales; but until you can persuade me to change my destination, you cannot persuade me that it has anything over the London road—no matter how dull and dusty—for my particular purpose.

CLERGYMAN: Yes, I can see that we tend to waste our time disputing over means before we have even discussed ends. The whole basis of existence—we won't face it.

NOVELIST: That's the fault of the Churches. You mix it all up with Sunday observances and sexual morality and irrelevancies of that kind.

SOCIOLOGIST: I think you are too severe on the Churches. We get what we deserve, you know.

CLERGYMAN: No, no. I admit it. The Churches have not held "the end of life" constantly before the people. Had they done so, they would not have been so disunited. Yes, I see it. Socialism, Fascism, Communism—they may be roads to *somewhere*; but they're not the Christian road; not the path to Truth, which, as Christ said, is freedom.

NOVELIST: I see you're giving in to him. He's infecting you. When you've been in this world a bit longer, you'll get tougher, more resistant. I speak from experience. I've met every shade and colour of reformer in my time. It's a mad world. (*Rising*) I'm going to bed now, to preserve my sanity with sweet sleep. Doubtless you two will sit up till the small hours talking, like newly made schoolgirl friends. Tell me your conclusions in the morning, will you?—if they're not too intimate.

SOCIOLOGIST: We'll agree to adjourn, if you like; and tomorrow—what do you say—we'll climb to some height, and seek inspiration there.

NOVELIST: Well, I call that very nice of you—especially as I feel somehow that I haven't been very helpful or—shall we say, Christian, since it seems to be in the mode. I'm rather tired. Good night.

(She moves off, and after a few more words, the men separate.)

(A mountain upland. Our three friends, shod with stout, nailed boots, are seated in the sunshine, with their backs to a wooden cowshed.

Before them lies a postcard panorama of snow-covered peaks, in all their unattainable, almost theoretical perfection.)

NOVELIST: What did you do after I left you last night?

CLERGYMAN: I don't know what he did. I prayed. I always do when I feel I've had any enlightenment. And you?

NOVELIST (*nodding towards the Sociologist*): He's a very disturbing element. I went to bed in a bad mood, and I got no sleep till half-past four this morning. I've thought it all out. He has got you pledged to have nothing to do with any man-made schemes of reform. But he's not playing straight; he's got a pet one of his own. (*She turns to the*

Sociologist.) What's it called—Social Credit? I suppose it was handed to Moses on Sinai?

CLERGYMAN: Is that the fruit of your night's vigil? You'd have been better praying.

NOVELIST: I tell you my mood was black. It is so this morning—and I've got a headache. I admire your simple Christianity. I'm certain he has designs on it. (*Turning to the Sociologist.*) It came to me in the night you'd never mentioned Social Credit. By the way, why doesn't it end in ism?

SOCIOLOGIST: For the good reason that it isn't an ism.

NOVELIST: Watch him. He's trying to slip out of it. We're not to submit to any of the systems that are functioning at the moment—and pretty effectively, too, whatever we may think of them—because they are manmade, Utopian. But we're to accept Social Credit, a thing that hasn't even been tried yet.

CLERGYMAN: What is Social Credit, then, if it isn't a scheme?

SOCIOLOGIST: It's a science—a department of Sociology. Perhaps it *is* Sociology.

NOVELIST (*turning sharply*): Don't you know?

SOCIOLOGIST: Yes, I do. But I was breaking it to you gently.

NOVELIST: Oh, how kind!

SOCIOLOGIST: The lady seems to be on the defensive again; but I'm attacking no one. If I attack anything, it is solely the power of one human being unduly to influence the life of another human being. Social Credit isn't Utopian—indeed, its author has very fairly described it as “the escape from Utopia.” Obviously freedom of choice, which we have agreed is our immediate objective, is an escape from other people's ideas, at least as a compulsory motive force in our own life.

CLERGYMAN: And the basis of Social Credit?

SOCIOLOGIST: Is Truth, the basis of all science—facts however cold; rather than ideas however warm.

NOVELIST: He's being clever with us.

CLERGYMAN: No, no. I begin to understand.

SOCIOLOGIST: Social Credit deals specifically with the Law of Association. There is such a law, you know; just as there are laws, let us say, of Hydrostatics or Dynamics.

CLERGYMAN: But, naturally, far more complex?

SOCIOLOGIST: Why naturally more complex? Possibly more resistant to analytical research, since we are ourselves the subject matter. But in the final analysis, it is all a question of facts, whether we are dealing with natural forces, or with what we call human nature.

CLERGYMAN: But how can you base a system of government on a vague thing like that?

SOCIOLOGIST: On what else can you base it? Government, as I see it, is the regulation of social behaviour. How can you hope to regulate a thing you don't understand? Sociology, Social Credit, is the science of social behaviour, and therefore surely the only sound basis for government.

CLERGYMAN: Government based on facts, not on ideas?

SOCIOLOGIST: You've got it.

It comes to me, here as I sit, that maybe our sole duty in this life—a duty we most of us shirk—is to accept facts. Indeed, I think your notebook will tell you we agreed yesterday that it is.

For instance, the undeniable fact—so awkward to would-be reformers—that what is one man's meat is another man's poison.

CLERGYMAN: And how do you accept that?

SOCIOLOGIST: By permitting individuals to choose their own dinner. You see how simple it is.

NOVELIST: And what about this fact of unemployment—statesmen seem to find it a pretty tough morsel? Does Social Credit accept and solve it?

SOCIOLOGIST: Why, yes; unemployment presents no difficulties, once it is given its rightful name of leisure.

NOVELIST: It all sounds so beautifully simple. There's bound to be a snag in it somewhere.

CLERGYMAN: The only snag, I suspect, is that all simple things are difficult. To lead a life like Christ's is literally the simplest and most difficult thing in the world.

And this dreadful fact of poverty side by side with plenty?

SOCIOLOGIST: That is not a natural fact. It is wholly artificial—an idea, and as such to be thrown off. But the fact of plenty I do accept.

CLERGYMAN: The feasibility of material plenty for all?

SOCIOLOGIST: Yes. It is an established fact, and its acceptance is the immediate, urgent duty before humanity today.

NOVELIST: And how do you propose to prevent the uneducated masses from making beasts of themselves?

SOCIOLOGIST: My dear lady, we are talking of facts—of freedom, of life; not of some idealistic system. It is the planned economies that go to work negatively, by prohibition. I'd like to make myself clear on this point. The freedom we are talking of is essentially not freedom to indulge ourselves; it is freedom from the domination of other men's ideas. No doubt it will be called all sorts of names, but in essence it is simply freedom of choice—in this particular case, as to whether we shall, or shall not, indulge ourselves.

CLERGYMAN: You mean that there is no one wise enough to prevent us—no one with the “right,” except ourselves?

SOCIOLOGIST: Yes, I think it comes to that.

CLERGYMAN: Christ refused to judge between the young man and his brother. Yes, no man can judge of right or wrong for his fellows. And yet this acceptance of plenty—it seems perilously as if you advocated drifting with the stream.

NOVELIST: I'm glad you begin to realise where he's taking you.

SOCIOLOGIST: And why not drift with the stream—so long as it is the stream of reality, of true facts? Surely the peril lies in fighting against it.

CLERGYMAN: You mean, we fight against the Truth? I have never thought of that in a collective sense; but only in a personal one. Of course, in our own lives the whole weariness is because each one of us fights against the Will of God, instead of accepting it.

SOCIOLOGIST: Yes, it's that that is behind all the futility of politics, and all the silly complexity of modern legislation—the mess of tariffs and marketing boards; it's all a huge fight against facts, and primarily this glaring fact of plenty.

CLERGYMAN: To blink facts is to defy God. Yes, I see, all the dictators and statesmen are doing that. They're fighting against the Will of God.

SOCIOLOGIST: Yes. I'm agreeable to calling it that. And can't you realise how simple it would be if they'd only give up fighting it, and just recognise the truth of the situation?

CLERGYMAN: Surrender to facts—yes, there can be no greater obedience.

SOCIOLOGIST: And yet the whole social structure today is convulsed in an effort to do anything rather than accept this fact of plenty.

NOVELIST (*querulously*): You both seem to make a fetish of this acceptance business. You're ready to sacrifice civilisation to it. Doesn't it occur to you the harm you might do for the sake of a speculative theory? Don't you realise the hundreds of legitimate objections that can be raised against you?

SOCIOLOGIST: You mean, against this orgy of licence, as it appears to you? I've admitted it—but only if we alter our premises and agree to a different end, another objective, than Understanding.

NOVELIST: It's a demonstrable fact (and you're all for facts) that human nature deteriorates at once if you remove the need for effort. Unlimited materiality is bad for society.

CLERGYMAN: You must forgive me if I point out that you are employing moral terms as though they were absolute. Wasn't I—ahem—"ticked off" for that offence yesterday afternoon?

SOCIOLOGIST: He's right, you know. We're not talking of what is good or bad for society, but of "the end of man," namely, understanding; and the means to that end, namely, freedom of choice—even to the point of freedom to choose racial oblivion.

CLERGYMAN: I'm not afraid to face that possibility.

NOVELIST: Well, I am. It's not in nature.

CLERGYMAN: Fear is the primary sin. It is doubt of God's purpose. (*Turning to the Sociologist*) By the way, you do believe in a Purpose, don't you?

SOCIOLOGIST: I? Of course, there's a purpose, a law, of Life. I don't know how the idea ever got about that there wasn't. You couldn't glue two bits of wood together if there wasn't such a thing as law—something natural and inevitable, not arbitrary, in its operation.

CLERGYMAN: By that you mean that it is something, which if it is understood and observed, must serve our purpose?

SOCIOLOGIST: Yes, certainly. There is no such thing as a hostile law. As I see it, the apparent hostility lies solely in our ignorance of it. A boiler doesn't burst and blow its attendant sky-high maliciously, but through his ignorance of steam-pressures or neglect of some other fact. Fear is simply fear of arbitrariness—dread of the irrational.

NOVELIST (*with a slight shudder*): Yes, you're right. If we could only be sure.

SOCIOLOGIST (*indicating the Clergyman*): Put your trust in God, he would say. Put your trust in science—the knowledge of the Law, I say. We both mean the same thing.

NOVELIST (*turning to the Clergyman*): Is that so? (*He nods assent.*) You're pretending, both of you. I'm the only one that has sufficient courage to admit that deep down in all our hearts is an ineradicable dread of the unknown, of the unaccountable savage that lurks in all of us.

SOCIOLOGIST: No, I don't really think so. To see the law in operation—even a little—is to have much of that fear removed.

CLERGYMAN: To trust God is, or should be, to trust His children.

NOVELIST: You're not being candid with me, either of you. (*Pointing with her stick.*) Those mountains in front of us, how grand and benevolent they look in the sunshine. But have actual dealings with them, and they are icy and treacherous, with crevasses and unreliable ice-bridges. That's nature and life. (*Pressing back against the shed as though she feared attack from the rear.*) No, there's no virtue left in the world except courage—boys whistling in the dark to keep their spirits up and make a good show—and it's a cold, comfortless virtue. Society is visibly disintegrating round us, falling apart——

SOCIOLOGIST: Learn the art, the science, of sticking together. I could teach it you.

NOVELIST: —and it isn't any puny efforts of ours that will stop it.

CLERGYMAN: God alone can do that. And God—the Law, as our friend puts it—can, and can only, operate through us, through our right thinking. That is our terrific responsibility. We are His only means.

NOVELIST: That fact doesn't instruct us what to do.

SOCIOLOGIST (*to the Clergyman*): Do you carry your notebook?

CLERGYMAN: Yes.

SOCIOLOGIST: May we have our policy as defined yesterday afternoon.

CLERGYMAN (*reading*): "My policy is to understand and demonstrate the Truth. In other words, to learn God's Law and conform to it. And I agree that the means to that end must be the maximum individual freedom for all."

NOVELIST: But what can we do?

SOCIOLOGIST: You ask me what you can do. The fact of plenty stares us all in the face today, demanding acknowledgment.

CLERGYMAN (*after a pause*): Here is what I wrote under it while I was praying last night. (*Reads*) "It was not to save or perpetuate any dogma or system that Christ died, but to free the individual."

NOVELIST (*looking straight before her*): You make me ashamed of my night thoughts.

CLERGYMAN (*turning to her*): I have sincerely wanted to fitfully, and disconnectedly. Our friend here has taught me since yesterday that it is in facts alone that God's purpose can be read. They are the signposts of Truth. If we accept them, if we follow their direction, we are with the great stream of Nature, no longer battling against it. "Acceptance"—surrender, should be our watchword.

SOCIOLOGIST: Just look how truly we are in the current and natural order of things! We have set understanding as the "end of life," and freedom as the means to that end. And here immediately in this first great fact of plenty that is presented to us for acceptance, is an immense increase of man's freedom to choose. So that we are moving in the direction both of our objective, and of enlarged means of attaining it.

NOVELIST: I'm afraid of this fact of plenty that you keep on about. I daren't accept it. It has come upon us when we are least ready. We couldn't survive.

CLERGYMAN: Who are we to say when is the appointed time for anything? A voice from the clouds told Paul it was useless for him to kick against the pricks. Faith is what we need—faith that the right step, rightly taken, must lead us aright, although we cannot see ahead.

NOVELIST: Give me your arm, I'm frightened. (*He gives her his arm.*) That's better. I'm very nearly old enough to be your mother.

CLERGYMAN: You needn't apologise.

NOVELIST: I'm not. I meant that you were in touch with a force, a strength, I know nothing of. I'm terrified of my fellow human beings.

SOCIOLOGIST: We must learn that nature, the world, understood, is benevolent.

CLERGYMAN: Truth is Benevolence. Is there no name that could be given to all this we've been discussing? What about "Freedom to Choose"?

SOCIOLOGIST: Names are misleading things. But if we must have something, why not Democracy? Like Christianity, it's never really been tried.

CLERGYMAN: Perhaps they could be tried together?

NOVELIST (*rising*): It's time to start home. There's a long road before us, in more than one sense. Look at those

peaks. They begin to grow pink to hear us! But they look more friendly, less remote than they were. Even I begin to hope. Come, my friends.

(They turn and go down the path together.)

Persons and Nations

By C. H. DOUGLAS

A Short Address given to a Society in a Great School on March 9, 1938

IN considering what I should say to you tonight, it appeared to me to be more useful to deal with certain broad and general problems which confront us all, rather than to take up your time with technical matters of finance or otherwise, since it is the so-called axioms of our civilisation which are challenged and require examination, rather than the details.

There is a peculiar fitness in talking about these things to you who live under, and are inevitably influenced by, the force of a great tradition. Tradition has a hypnotic effect and crystallises in institutions.

It is with full consciousness of this that I can make to you at once, in a few words, and count upon you to understand at once, the most important statement I have to offer: that the future of civilisation hangs on a reversal of the present domination of individuals by institutions.

To those who are not familiar with (and therefore do not venerate, as I do myself, and as no doubt do you) the force and value of tradition, this statement might on first hearing, sound like an attack upon tradition, and the institutions that embody it.

Nothing could be further from my meaning. Traditions, with their institutions, when they have survived through the centuries, represent an invaluable body of experience.

But it is most important, I think, to bear in mind that human social experience is in general relative to particular economic and political systems, and there comes a time, such as the present, when the experience we have gained has to be employed with great judgment, or it may be a hindrance, rather than a help. But if it is so employed, nothing, in my opinion, can replace it.

Now I think that in the world today there are two quite fundamental ideas which are struggling for acceptance. They are capable of various antitheses, and I have made two groups of some of these—not necessarily or probably comprehensive—which might perhaps be called Group A and Group B:

Group A.	Group B.
Deductive	v. Inductive
Totalitarian	„ Democratic
Machiavellian	„ Baconian
Idealistic	„ Realistic
Jewish	„ Christian
Love of Power	„ Love of Freedom
Planned Economy	„ Organic Growth

Group A comprises, on the whole, those habits of mind which are effective in affairs, and particularly affairs of State, today.

With some hesitation, I will suggest that they may have been the more pragmatically useful group in the past. I have no hesitation in saying that the persistence of these habits of mind in our present world threatens that world with

general catastrophe.

The flowers of the Group A ideas are the modern Dictatorships. I should like you, for a moment, to consider the fact that Messrs. Stalin, Mussolini and Hitler, to mention the better known, are men of what Jane Austen would have called "humble birth."

I won't waste time by protesting that there is nothing derogatory in this statement—it merely means that, *per se*, it is a start in life which seems, from our point of view, to limit the opportunities of experience, and consequently it tends to produce what is nowadays called an "inferiority complex." "Humble birth" is, of course, a feature of a particular social system.

I do not think that this similarity in origin of the Dictators is accidental. Neither am I convinced that their meteoric rise is a compliment to their useful qualities as members of society. Rather I am inclined to regard it as a damning indictment of the systems for which they stand, as being the embodiment of the "inferiority complex." You will no doubt feel that this statement requires some amplification.

There is, I believe, little difference of opinion among psychologists that the characteristics of Group A are all characteristics of immaturity, of what we should call a genuine deficiency of education and culture.

So is an "inferiority complex." The unfortunate victim of it yearns to inflict on others the slights, the real or fancied injustices, he has, or thinks he has, himself suffered. A dictatorship is a grim confirmation of the prophecy "The last shall be first."

The first characteristic of a dictatorship is the assumption that all wisdom in regard to the objects of the State is centred in the Dictator. Logically, if things go wrong, it is the fault, not of the policy, but of individuals who are entrusted with its execution. Hence we arrive by rapid stages at what is so charmingly called "the blood purge." The second characteristic is the exaltation of abstractions, such as the State. The first article of the Italian Constitution, for instance, is that the State is everything, the individual nothing except as he is of service to the State. This is typical of Group A thinking.

You no doubt remember Punch's story of the cross-channel passenger in the saloon to whom the steward said, "You can't be sick here, sir," and the passenger's reply, "Can't I?", as he demonstrated that he could.

The steward's rebuke was Group A thinking, and the passenger's reply, Group B thinking. The steward's insistence on tradition was right in its way, but he mistook tradition for natural law, which is a fatal mistake.

Great Britain, although not a titular dictatorship, is an oligarchy moving towards a dictatorship as a result of the elevation of financial and legal conventions easily recognisable as belonging to Group A.

I see no reason to assume that, making allowance for the character of the people, the outcome will be less deplorable than is the case, say, in Russia, although it may take an immediately less murderous form.

One immediate effect of it is that on the whole British statesmen do not represent the best talent available, partly because the best talent available is repelled by current political practices.

That marvellous pioneer, Francis Bacon, Earl of Verulam, in the *Novum Organum*, saw the nature of the problem clearly, and stated it with precision. He said in effect, "We can proceed no further along the lines of thought now prevalent. What is required is a just, that is to say, a realistic, relationship, between the mind and things."

The scientists took his advice, and modern mastery of nature is the result. The lawyers and financiers did not, and civilisation is breaking up because they did not. Nations are striving for things which are no use to them, and suffering under necessities which have no real existence.

Instead, then, of endeavouring to impose some abstract and immature organisation upon nations and upon the world, the first step would appear to be to examine the nature of nations. The first fact which seems incontestable about nations is that they are collections of human beings.

Human beings can exist quite comfortably without nations, but nations, or States, cannot exist without human beings. That would appear to settle once and for all the question of the relative importance of human beings and nations.

But it is a fact that human beings do tend to form nations. Why? The answer is, I think, quite simple. Human beings associate together originally in order that each individual may benefit by association. The simplest example is pulling on a rope.

Men don't pull on a rope for the benefit of the rope; they provide the rope for the benefit their associated effort brings to each of them.

Now there is definitely a form of Government which is associated with this conception—genuine Democracy. No one takes seriously the verbiage prevalent about the struggle between Democratic, and Totalitarian Governments—there are no Democratic Governments.

But there might be.

Perhaps I might be permitted to touch on a few of the things that Democracy is not.

While it is inconsistent with arbitrary special privilege, economic or otherwise, it does not mean equalitarianism. It would be just as sensible to say, without amplification, that everyone had a right to a place in the Eleven.

So they have, if they have the qualifications, and it is recognised that the number of places is by general consent limited.

Neither does democracy mean a referendum or an election on every detail of day-to-day national management. On the contrary, a realistic conception of democracy insists that a community is sovereign, but it is not technical.

It has a right to demand results but not to dictate methods, the word "right" being used in the pragmatic sense.

But if the results desired are not being obtained, it has a right to an explanation and, if necessary, the replacement of its administrators.

So far as Great Britain is concerned, I am inclined to think that the divergence from Democracy is not difficult to indicate. Easily the most glaring feature is our money and credit system, which is indefensible. The information it affords us is illusory, and no security is possible until it is drastically modified.

The Parliamentary System has been perverted to purposes for which it was not intended, and all real power has been taken from it by the Cabinet.

Finally, our legal system has been exalted to a semi divine omnipotence, and invested with sanctions which make it a Master and not a Servant.

Obviously it would take much too long to examine each of these aspects of our decadence at length.

I do not believe that any of them will really be put right until there is a much wider consciousness of the natural relationship between the individual and his institutions.

If that can be obtained, and not until it is obtained, we shall dispense with a type of statesman who, in spite of Abraham Lincoln's warning, still hopefully tries to fool all the people some of the time and some of the people all the time, and, instead, obtain men who recognise that the advice, "If any would be greatest among you let him be your servant," was not sentimentalism, but a brilliant maxim of social and political organisation.

Social Credit and Alberta

By T. V. HOLMES

A paper read on October 10, 1937, to the Sixth Form of a certain Public School

WHAT is this strange doctrine called "Social Credit"? What is it all about? Where did it come from? What is happening in Alberta that the *Daily Telegraph* can liken it to a "powder barrel with the fuse lighted"? What is this Alberta Social Credit Government trying to achieve? And if this eruption of Social Credit fanaticism has occurred in Alberta with apparently such alarming results, what are the chances of similar eruptions in other parts of the world?

Social Credit has passed out of the phase of “interesting ideas” and is already a part of our Colonial history. It is the belief of every Social Crediter that Social Credit will have become world history before many years have passed. So I think that I am justified in regarding this talk as one concerned with world affairs, although it is not so many months ago that a talk on Social Credit was regarded as a talk on the ravings of dreamers and lunatics.

You are probably aware that the founder of the Social Credit gospel (and I would stress the word “gospel” as alone adequate to describe the feelings and attitude of most Social Crediters. After all, the word “credit” means “belief”) is a certain Major C. H. Douglas, and you may also be aware that his first book, “Economic Democracy,” a slim affair of some 150 pages, was first published in 1920. His second book, “Credit Power and Democracy,” followed in the same year, and it was not until 1924 that the book which has since given its name to the movement, “Social Credit,” made its appearance.

Major Douglas is not an army man. His military title is only a survival of his wartime rank. He is essentially an engineer, a man of science. A graduate of Cambridge University, he was employed before the war in several large engineering enterprises, both in this country and abroad. So you see that he is not an “economist,” and it was not as an economist but as an engineer that he arrived at certain conclusions about modern industrial society which he set out in his first book, “Economic Democracy.” Indeed, it is probable that his knowledge of orthodox economics and financial theories at that time was very limited.

It is important to remember this fact, and I feel that its recollection may help us in our endeavour to retrace the sort of steps which I imagine Douglas to have followed. For in this talk I want to avoid financial and economic theories so far as it is possible. You have probably all heard that Douglas “attacks the banks,” that he is the *enfant terrible* of professors of political economy. You may have heard that he intends to “manufacture money,” to institute “National Dividends,” to “sell goods below cost” and other apparent absurdities. All this is perfectly true. But just as Douglas himself arrived at his gospel of Social Credit without any great knowledge of banks and financial theories, so I think that for this afternoon at any rate I will endeavour to “get over” this Social Credit idea and what it means with the minimum of banking and financial references.

Perhaps I might start by making one or two possibly startling assertions about Social Credit. Here they are:

1. Social Credit is no new-fangled idea. It is as old as society.
2. Social Credit is not inseparably connected with money.
3. Social Credit is not Socialism.

1. It was Rousseau who declared that man had been born free, and that everywhere he was found in bondage. Douglas might equally have declared that man was born in a state of Social Credit, and that everywhere today his Social Credit was being filched from him.

The basic idea behind Social Credit, as indeed the basic idea behind Douglas when he wrote “Economic Democracy,” is well set out in the first chapter of that book:

It is simply hypocrisy, conscious or unconscious, to discuss freedom of any description which does not secure to the individual that in return for effort exercised as a right, not as a concession, an average economic equivalent of the effort made shall be forthcoming.

Throughout mediaeval times, this sort of freedom was a fact. “In return for effort ... an average economic equivalent of the effort made was forthcoming.” What man sowed he reaped. What man wrought he enjoyed. He might, of course, be plundered. He might, of course, owe dues and services to his overlord, and tithes to his church. But at least it was impossible for him to become a bankrupt and a beggar just because he had put forward too much effort and had received from God its economic equivalent in a bumper harvest. Yet this, as you know, can happen today and is happening, and the extent to which it is happening can be taken as a measure of the extent to which “an average economic equivalent” is not forthcoming “in return for effort.”

Let me make this point a little clearer. The mediaeval man *knew* when he was being robbed. The modern man, unless he has made a study of Social Credit literature, does not know that he actually is being robbed. The mediaeval man saw with his own eyes the fruits of his labour. These fruits might be more or less, according to the amount of effort expended, the knowledge applied, the seasons enjoyed. (And I might add here that mediaeval man made no fetish of work. His Holy Days were very numerous—a great deal more numerous than our present “Bank” Holidays.)

But he knew that an “economic equivalent” had been received for the “effort” made. And when he took a part of his produce to the local market, and exchanged it for other goods which he did not make, he knew that there had been a fair exchange.

Contrast this position with what happens today. Production is now much more complicated. Most people are engaged in a production which in itself has very little use value. How can the man who turns out a small part of some machine know whether his effort is equal to the food and clothing and shelter represented by his weekly wage? It may “appear” that he is drawing from the business an equivalent return. It may “appear” to his employer that even by foregoing all profit it is impossible to grant the workman a larger return. But in both cases it is not the evidence of the eye which is invoked, as it was with the mediaeval man. The “appearance” is not material at all. *It is the appearance of figures.* And supposing those figures are untrue? . . . Anyhow, for the moment, let me be content to assert that Douglas found those figures to be untrue, and found that modern man was receiving a continuously reduced “return” in goods and services for the “effort” he was putting forward.

Douglas has defined “Real Credit” as being “a correct estimate of the *rate*, or dynamic capacity, *at which a community can deliver goods and services.*” Let us see what this means, and what sort of estimate, i.e., what sort of Real Credit, can be based upon modern society’s capacity to deliver goods and services.

This, too, is no new idea. You may remember that in the year 1086 a certain William the Conqueror demanded that such an estimate should be made, and the results of that investigation are still to be read in “Domesday Book.” No doubt William’s object was to ascertain how much he, as paramount lord, could draw upon his new estate, what revenues and services he could count upon. But to do so he did cause the basic factors of the country’s then Real Credit to be ascertained—its areas of arable, grazing, wood and waste land, its ploughs and teams, its various grades of manpower. “Domesday Book” must have given him a very fair estimate of his new country’s “capacity to deliver goods and services.”

And I think that the best way to visualise a modern State’s Real Credit is to visualise a similar Domesday Book being made today. Naturally the difference between the Real Credit of England in 1086 and 1937 be enormous. But the basic idea remains the same—the idea of picturing a country as one large wealth-producing unit, with fields, mines, factories, machines, power-plants, roads, railways, ports and so on.

I do not want to stay too long on this point. I am sure that you are all aware that a modern State’s Real Credit, its capacity to deliver goods and services, is very high indeed. And you are probably aware that Production, at base, is no more than Energy applied to Matter. The Domesday Book of 1086 had to estimate the country’s energy by its manpower and horsepower. The Domesday Book of 1937 would make mighty small beer of either manpower or horsepower, although it would measure the energy available in terms of the horse—the “horsepower,” which science reckons as about the equivalent of ten manpower. It would be to the country’s means of using Solar Energy that it would look for a measure of that country’s available energy. Estimates of this energy made in 1929, in millions of h.p., and excluding motor cars, showed the U.S.A. with 704, Great Britain and Germany with 175 each, and France with 70. Since then the completion of the Boulder Dam has presented the U.S.A. with a further 1,800,000 h.p., *the equivalent of 18 million slaves.*

In this talk, however, I will assume that you are in full agreement with the orthodox economist, Sir Arthur Salter, when he says:

Our material resources, technical knowledge and industrial skill are enough to afford to every man of the world’s teeming population physical comfort, adequate leisure and access to everything in our rich heritage of civilisation that he has the personal quality to enjoy.

The Real Credit of most countries today—the rate at which those countries can deliver goods and services—is very high indeed. Some countries have a higher Real Credit than others, according to their equipment, their power resources, their intelligence and morale. But as knowledge is the basis of all modern wealth production, and as knowledge today is universal, even the least developed countries can have within their frontiers a very high degree of Real Credit.

2. I now come to my second assertion: that Social Credit is not inseparably connected with money at all.

Social Credit can be conceived as consisting of two components: (a) Real Credit, and (b) Financial Credit. It is through the marriage of these two credits that Social Credit is born. To the Social Creditor, Real Credit, the capacity to deliver goods and services, is the substance, and Financial Credit is the shadow, the reflection of those goods and

services by appropriate financial media. To the Social Crediter, Financial Credit is similar to the moon, which could have neither light nor meaning were it not for the Real Credit of the sun.

By this time you will have realised that to the Social Crediter it is only Goods and Services which count. All his thoughts are based on them. To the Social Crediter, that country is rich which can produce the maximum quantity of desired goods with the minimum quantity of human energy. "Money" is regarded only as a means (albeit a very important and convenient means) for drawing upon or tapping a country's Real Credit. It is true that in the modern State money functions as the universal "credit instrument." But for Robinson Crusoe, living upon his desert island, a rifle, or even a bow and arrows, formed a much more effective "credit instrument" for drawing upon or tapping the island's Real Credit in bird and beast, than ever money could have been.

To the Social Crediter, money is without any significance in itself whatever. It is merely a ticket. Some interested people may pretend that money-tickets cannot function properly unless they are made of gold or silver. Others, more modern, may say that it is enough that they contain a proportion of gold or silver. Others, still more modern, may say that it is enough that gold or silver exist somewhere, even if locked up for eternity in some fortress. But to the Social Crediter all such ideas are mediaeval witchcraft. The Social Crediter sees as much sense in this sort of talk as in the assertion that a cloakroom or a railway ticket can function properly only if it, too, is made of gold or silver, or has a gold or silver "backing." A cloakroom ticket acts as a "credit instrument," constitutes an "effective demand" for your specific hat. A railway ticket forms a sufficient "effective demand" for a specified railway journey. And, similarly, a money-ticket for one-pound forms a sufficient "effective demand" for non-specified goods and services up to the price value of one pound. But, hat, journey, goods and services can be seen to be in no way inseparably connected with such tickets. It is the "function" alone which gives these tickets their meaning and varying importance. Without the function to perform they are meaningless pieces of paper. They are but the shadow. The substance resides in the hat, journey and the goods.

To understand Social Credit, and still more to understand why it has come into such violent opposition to the Banking and the Money Power, it is most essential to grasp this Social Credit view of money. This question as to what gives money its value, whether it be its gold content or whether it be the goods and services it will buy, is no new issue. But Social Credit has made the issue one of life and death. For if gold is the basis of money, then obviously the owners of gold are the arbiters of money, and the quantity of gold available becomes the measure of its volume. But if goods and services are conceded to be the basis of money, then obviously the community itself becomes the arbiter, and the quantity of goods and services available becomes the measure of the quantity of money-tickets needed.

It is the cardinal doctrine of Social Credit that money must reflect goods and services, whatever that money may be made of, and that just as a cloakroom ticket is given out for every article of clothing handed in, so money tickets should be given out to the community for every article of consumable goods and services handed in to the shops for sale.

3. My third assertion was that Social Credit was not Socialism. It has thus no affinity whatever with Left Wing or Labour Parties. Social Credit is outside of party; one might rather say that it is above party. And for the vast majority of Social Crediters there is little complaint against the existing administration of industry. Indeed, Douglas himself has asserted that the present high degree of productive efficiency, the present high potential of Real Credit, and the present large diversity and variety of choice afforded to the consumer, is very largely due to private enterprise and individual initiative, and that the consumer, for whom alone production is justified, is more likely to find a continuation of such variety and diversity and quality under a continuation of the present system of private ownership and private enterprise, than under any form of bureaucratically-controlled industry.

It is therefore not surprising that of all the hates which the Labour Party indulges in, its biggest and best hate, surpassing that of landlords, shareholders and capitalists, is for the gospel of Social Credit. Consider for a moment the ridicule which Social Credit throws at the Labour Party and its tenets—asking why there should be a "Labour Party," any more than a "Stage Coach Party" in a world of Boulder Dams and turbines; asking why there should be a Party For Work, when there could be a Party For Leisure; asking why there should be a Class War, when there are plenty of goods and services for everyone; asking why there should be Taxation, when there could be National Dividends; asking why there should be a Bureaucratic Regimentation of Society, when there could be widespread Individual Freedom and Liberty.

Perhaps, therefore, we should not be too surprised that the success of the Social Credit gospel at the Alberta elections of 1935 should have made the Daily Herald forget discretion in the fury of its rage and hate, when it wrote on August 27, 1935:

A practical trial of Social Credit would demolish its pretensions. Unfortunately it would also demolish Alberta. This would be too high a price to pay even for the discredit of Social Credit, much as those who are working for social reconstruction on Labour lines would like to see that will-o'-the-wisp extinguished.

The Social Credit viewpoint here is very simple. Everyone today admits that "Poverty in the midst of Plenty" is a fact. It is private enterprise which has created that plenty. It is not the producer's fault that the public have not got the money to buy his goods. The fact that they have not got the money hits him as much as it hits them. The producer's job is to produce, and very well he has mastered the job. The poverty, which certainly exists, is not his fault, but is solely due to the fact that the public do not possess the effective demand or money tickets which would enable them to call upon his goods. As Shakespeare might have expressed the position:

The fault, dear Brutus, lies not in our shops.
But in our pockets, that we are underlings.

I have little doubt that it was with some such reflections that Douglas around the year 1918 started out upon his investigation of the present financial system. But before following him in this investigation, I would like to add one or two further ingredients in Douglas's mental make-up at that time. Because although they may seem fairly self-evident, they are certainly not accepted as such by modern governments, nor by most educated opinion, and because they do demonstrate that simplicity and wisdom of Douglas which endears him so much to his disciples. From the very beginning Douglas had postulated:

(1) That the sole justification of any productive system can only be personal consumption.

(2) That the true function of a factory is to produce goods. It can be no valid purpose of that factory to "make work." If a factory has a purpose of this nature at all, it should rather be to "unmake work." A factory must reckon its efficiency by its economy of work, not by its creation of work.

(3) In the words of Douglas, found in the first chapter of his first book, "Economic Democracy": "Systems were made for men, and not men for systems, and the interest of man, which is self-development, is above all systems, whether theological, political or economic."

And now let us consider the results of Douglas's investigations into the financial system. One of the first discoveries he made was that the system appeared to have a life apart, a life almost removed from the humdrum world of producers with their goods for sale, and consumers with their wages for purchases, and that, in this peculiarly unreal life, ticket-results meant everything, and goods-results meant nothing. He discovered that, whilst on certain rare occasions like the great war, finance might permit a goods-result commensurate with the country's Real Credit, as a general rule finance was actually hostile to anything like the country's Real Credit being drawn upon. What mattered was a satisfactory ticket-result. Did this entail goods-destruction, goods-restriction, unemployment, bankruptcies, poverty and misery—well, it was all very sad, but it simply could not be helped. Tickets were so obviously more important than goods, and the welfare of the ticket-system so obviously more important than the welfare of the goods-system. Finance certainly did not agree that "systems were made for man." It was only too certain that man had been ordained to serve the banking system.

I am afraid that I shall be charged with exaggeration. So I will ask you to reflect upon this extract taken from the Paris paper *L'Information* of January 16, 1934:

Among the several indications now to be noted of national economic recovery, there are one or two which deserve special mention. The statistical position of agriculture is considerably better, thanks to the fact that the stocks of 1933-4 are now so weeviled as to be unsaleable, and that the recent floods have certainly reduced the possible crop for 1936.

It is very difficult to believe that Douglas really expected to find a system of synchronised mesh between the productive and the money systems. But as an engineer he did realise that, unless there was some sort of synchronisation between the goods entering the shops and the money tickets entering the pockets of individuals, the productive system was likely to find itself perpetually impeded and restricted. Anyhow, he quickly discovered that no synchronisation existed. What he did find, and what still persists in every country in the world, might be compared to a theatre whose box office refuses to co-ordinate its ticket issue with the seating capacity of the theatre. For months on end this box office, which corresponds to the banking system, would refuse to issue tickets for more than a fraction of the seating accommodation. And then perhaps, just when the theatre management had decided that these surplus seats were unlikely to be required again, and had actually dismantled them, the box office would suddenly

decide to issue more tickets than there were now seats available.

I think that you will have been able to follow the simile. When trade is bad, goods remain unsold. The producer eventually decides that he must produce fewer goods. There is no point in producing goods which cannot be sold. Factories work at half-time, farms turn from arable to grass, shops cease to carry the same stock of goods. And then for some quite extraneous reason the banking system suddenly creates many more tickets than there are goods of a consumable nature available at that moment. Hence a rise in the price of those goods which are available. Hence the ticket of £1 finding itself reduced in terms of purchasing power, just as the theatre ticket had found itself reduced in terms of seating power. The article that formerly cost 20s. now costs 30s., which is the same thing as saying that your former ticket which entitled you to a whole seat, now entitled you to only two-thirds of seat. Later, of course, the position is reversed. Producers rush in to supply the demanded goods. But production takes time, and only too often when the additional goods are ready for the shops, the shops cease to be ready for the additional goods. The box office has once more gone to sleep!

I do not wish to dwell too long on this feature of prices and purchasing power. Perhaps one of these days, if it interests you, I could attempt to explain exactly how the present money or financial system works. All that I want to press home at the moment is the fact that it is very seldom that the production system is called upon for goods to anything like the extent to which it is capable of delivering goods, that it is never the production system which sulks, and that it is left to the money system to decide, pretty well of its own sweet will, to what extent it will play the game and co-operate with its very much inferior partner.

But I must say one or two words on sellers and buyers, on the prices of the goods and services for sale, and the money in the pockets of the would-be purchasers.

“Effective demand” means the money-incomes lying in people’s pockets. How do these get there? There are only three possible ways: pocket money may enter your pocket, either as a wage, a salary or a dividend. All the money to be found in anyone’s pocket, and which alone constitutes effective demand, came there in one of these three forms. For purposes of convenience, I will refer to them all as “wages.”

You probably know what is meant by the cost price of an article. It is roughly the money which has been spent upon its production. Under modern conditions, production is a long-drawn-out process. An article which is today on sale in a shop may represent raw material from two years ago, labour over the last twelve months, and the co-operation of several separate factories. Thus wheat costs the farmer so much to produce. This price he recovers in his sale to the miller, who again has to spend money in order to turn the wheat into flour. The miller sells his flour to the baker, who again has to spend money in order to turn the flour into bread. Each stage of production is possible only by the spending of money, whether on raw materials, on wages, on plant charges, on transport, etc. Thus from one point of view industry can be regarded as engaged in two separate functions. Not only do the various producers produce goods, but in the process of doing so they are compelled to incur costs. So when a shopkeeper tells you that he is selling you an article at cost price, he means that that amount of money has been spent upon the production of the article, and that it is the lowest sum at which he can sell the article, unless, of course, he wishes to lose money and see himself drifting towards insolvency and the bankruptcy courts.

A moment’s reflection will convince you that production, whether of boots, shirts or what not, proceeds only so long as it is “profitable”; which means that it proceeds only so long as the producer can “recover his costs,” with, if possible, something over for his own “cost” or “wage.” And you will further realise upon reflection that whatever the article may be, whether boots or boats, its “cost” can be recovered, in the long run, only in one place, the shop, and from one source, the money in people’s pockets, their wages. This fact is obvious enough when one considers consumable goods such as boots. But it is nonetheless true of non-consumable goods like boats. Such “capital goods” must be paid for by someone. Their costs must enter into these shop-goods somehow. And it will be found that the cost of the factory and of the machines in the factory must be added to the cost of the goods produced, the cost of the ships and the railways must be added to the cost of the goods conveyed from one point to another, and that wherever one starts, one has eventually to finish up at the shop, where the final duel takes place between prices (representing costs) and effective demand (representing wages).

And the great discovery of Douglas was this: He discovered that the *rate* at which industry was being forced to incur costs was a much faster *rate* than that at which industry was giving out effective demand or wages. As an engineer, Douglas said to himself that prices and wages should be like the negative and the positive terminals of a battery, or like two trains travelling along parallel lines, and travelling along those lines *at the same rate of speed*. Instead of which he discovered that the price-train was all the time travelling at a faster rate than the wage-train, with the inevitable result that the existing gap between prices and wages was getting wider and wider.

The natural deduction from these facts was that, as prices had to be recovered somehow if the industrial train was not to stop altogether, and as only a fraction of them could be recovered from the wages which industry had given out during the same period of time, someone, somewhere, somehow must be creating a supplementary source from which they were being recovered. And Douglas further ascertained that this supplementary source was being provided by the banking system as a loan or debt to the community, which, whilst certainly easing the immediate position, was still further widening the gap in the future, as these loans, too, had to be recovered in the prices of future production.

I am afraid that you may find this idea rather difficult to grasp. But perhaps you can understand the position by imagining a shop with goods for sale costing £100, customers with wages totalling £50, and finance coming along and arranging to provide the missing £50 as a loan. This loan might be incurred by someone building a house, a factory or any other object which finance might consider a sufficient security for the loan of the £50. And the essential point to grasp is that although this loan eases the immediate position, although it enables the shopkeeper to sell his stock of £100, this loan has to be repaid sometime, and therefore has to be added to the cost of future goods, and thus makes a still further addition to the speed of the cost-train, and a still further widening of the gap between prices and wages. On the next occasion it will not be £50 of extra money which will be needed, but perhaps £60.

In plain terms, industry is perpetually producing a surplus of unsaleable goods, to buy which the money does not exist in anyone's pocket, and to ease this ever-recurring condition, finance is perpetually having to find means of lending money to the community. During the last hundred years this fact has been concealed by foreign borrowing for the development of colonies and backward countries, and by home borrowing for the making of railways, towns, ports, etc. Today there are such schemes as slum clearance, housing schemes, rearmament, roads and so on, excellent things in themselves, no doubt, but chiefly important as a means of providing to the community the badly needed effective demand or wages. The only snag is that the country finds itself still further in debt to the money system. The old jibe of "attempting to borrow oneself out of debt," or of "attempting to raise oneself by one's boot-laces," is as good a picture as one can give of what is actually happening.

You must always remember that it is a cardinal rule of modern society that wages shall be given out only as against work and services rendered. Hence, no production, no wages. It does not matter that barns are full of food, stores of clothing, work must be created somehow, or there will be no wages for the would-be purchasers. It does not matter that coffee is being burnt, cattle slaughtered, and fish thrown back into the sea, work must be created somehow, or there will be no wages to buy the goods which are not destroyed. It does not matter that the march of science and invention is all the time eliminating human effort, and that the machine is sacking the workman; work must be created somehow, or there will be no buyers for the machine's products.

The position cannot be better stated than in the words of the present Minister of Agriculture, Mr. W. S. Morrison:

The only device which man has yet discovered by which the wealth of society can be distributed is work in the field, the factory or the office. Unless there is distribution it is of no use producing. That is why politicians guide themselves mainly by those policies which produce the greatest amount of employment.

From which it results, as *The Times* pontifically announced in its issue of October 27, 1936:

He is a public benefactor who can provide employment for two men where only one was employed before.

And as it is obviously no use producing more consumable goods with so many still unsold and with wages so difficult to maintain, the tendency of politicians, or rather of finance, is to provide work which will enable wages to be earned, but which will not further add to the stock of unsold consumable goods. Hence the provision of work of the treadmill variety, whilst doing everything possible to plan or restrict the provision of work for the production of consumable goods.

It will not be necessary to point out that this condition of prices forever outpacing wages on the home market is unquestionably the most potent cause of friction between the nations. Until very recently this extra work was provided by the opening up of undeveloped countries. But today the possible markets left to open up are very few, and, worse still, the opened-up market of yesterday is today a competitor for what markets are left.

We are here, however, only considering the fact of prices forever speeding further and further away from wages, in its reference to the Social Credit outlook. It means, of course, that under the present system of ticket-issuing and price-costing the community is each year able to draw less and less upon its real credit. The simile of the donkey and the carrot is much too flattering to us. It is the simile of the donkey patiently and persistently following the carrot, even when the carrot is hurrying on ahead and almost out of sight.

Such was the technical position of prices and wages as discovered by Douglas in 1918. And as a technical problem Douglas found it by no means difficult of solution. Again, it was a purely engineering problem. Prices were being created faster than wages. Then either wages had to be increased or prices had to be reduced, or both. Douglas showed how this could be done by the opening of a National Credit Office (a sort of permanent Domesday Book record-office of the nation's Real Credit), the periodical fixing of a Compensated Price (called the Just Price), and the issue of a National Dividend, so that by a simple financial manipulation the money in the pockets of consumers on the one side of the shop counter would be able to look squarely in the face the prices of goods on the other side of the shop counter.

Now, had the flaw in the price system been a simple flaw in the gas or electric system, the best brains of the country would have been employed, and the problem would have been solved quickly enough. But Douglas was to find that money, whatever it ought to be in a sensible society, was no ordinary ticket in our present society. He found that there existed a monopoly, with the power to create and destroy these tickets at will, and that this monopoly represented a Power, not only in the land but in the world, which was not greatly concerned with the detected flaw in the price system. He found that it was much more concerned with maintaining its power than with solving the country's difficulties. If anything could be done without touching its sacred "Ark of the Covenant," so-called sound banking principles, then it was prepared to talk. But there must be no question of treating the control of money as if it were a mere control of paper-tickets. Here were the lords of creation, masters of the universe, controllers of nations, of governments and of peoples, being asked to become simple book-keepers of society, and to take on the function of a tally clerk.

For two hundred years finance had been the undisputed master of industry, and here was a man who declared that they must become industry's humble servants. For two hundred years finance had been the de facto government of the nations, and here was a man who declared that they must be prepared to abdicate if they did not wish to see civilisation falling about their temples. For two hundred years finance had been the master of "all that money can buy," the dispenser of favours, the source of patronage, the controller of news, the supporter of political parties, and all so discreetly that scarce anyone was aware of its presence, and whoever else might be blamed for the misfortunes of the nations, the blood and tears of wars, the famines, bankruptcies, poverty and crime, certainly no one ever dreamt of suspecting the financial system of being the culprit.

Here you have the main issue between Social Credit and the Money Power throughout the world. Does the Money Power intend to maintain its power, to risk finding itself openly recognised as "Public Enemy No. 1," the "Enemy of the People," or is it prepared to descend from its throne and to allow the nations once more to have access to their own Real Credit? The position could not be better stated than in the words of *Reynolds News* of August 22, 1937, when speaking of the Alberta position:

For the first time in modern history a State has unequivocally demanded of its banking institutions the systematic monetisation of the community's credit, under the instructions, supervision and protection of the State.

The action of the Alberta Government is the more remarkable because, owing allegiance to none of the elder political parties, it is impossible for the omnibus term "Bolshevism" to be hurled at it; nor can "Fascism" be alleged against an administration acting on an electoral mandate.

The financial issue stands for the first time clear of political complications. It is a straight conflict between the legally appointed government and the legally entrenched monopoly of credit.

Mr. Aberhart placed the issue in clear terms when he telegraphed Mr. Mackenzie King:

We challenge the right of the banks to monetise the sole credit of Alberta as they deem fit.

We challenge the right of the banks to control and restrict our people's access to their own credit within their own province.

It must not be thought that finance feels happy about her position. Legally she is unassailable. Yet in fact she is beginning to realise that she is a colossus with the feet of clay. It was only recently that Mr. Montagu Norman, Governor of the Bank of England, allowed himself to use these words:

I do not feel that I have the courage to point out the peculiar difficulties of the present position. I cannot see through the mist of the future with any certainty whatever.

In conclusion, and so that it may not be thought that these ideas on the power of finance are possibly the result of an imagination jaundiced by Social Credit ponderings, let me draw your attention to what the Premier of Canada, Mr. Mackenzie King, and the Governor-General of Canada, Lord Tweedsmuir, have said on this subject. Their statements acquire an additional poignancy from the fact that these two men seem destined to play important roles in the world drama which has now been staged in the Province of Alberta.

Mr. Mackenzie King said at Saskatoon on September 21, 1935:

Canada is faced with a great battle between the money power and the power of the people, a battle which will be waged in the new Parliament. I plead for a sweeping Liberal victory to carry out my policy of public control of currency and credit.

Until the control of currency and credit is restored to the Government all talk of the Sovereignty of Parliament and Democracy is idle and futile.

Lord Tweedsmuir (John Buchan) wrote in "A Prince of the Captivity," published in 1935:

There is a great and potent world which the government do not control. That is the world of Finance, the men who guide the ebb and flow of money. With them rests the decision whether they will make that river a beneficent flood to quicken life, or a dead glacier which freezes wherever it moves, or a torrent of burning lava to submerge and destroy. The men who control that river have the ultimate word.

The Strategy of the International Money Power

By ARTHUR READE

THE student of world affairs today is at first puzzled and disheartened by the apparent complexity of the problems which confront him. The very word problem seems inadequate in reference to the baffling fluidity of the phenomena that he contemplates, with their currents, cross-currents, eddies, whirlpools, involutions, stresses, tensions, contradictions. How is it possible to find a guiding principle which will bring order and intelligibility into so hopelessly complex and contradictory a mass of ever-changing phenomena? If he is not persistent he may well give up the effort in despair.

And yet, as with many other seemingly insoluble puzzles, the essentials, as distinct from the accidentals, are quite simple.

In recent centuries the European world has come to organise itself on the basis of independent sovereign states, broadly coinciding with nationality. Such states have certain general characteristics, which it is important to grasp. They are founded on the Christian religion. They have developed a type of free citizenship based on the institution of private property. They regard the family as being the natural human unit, and therefore as sacred. They jealously guard their distinctive tradition and character. On this general basis they have built up a civilisation as remarkable as any which has yet been seen—a civilisation which has produced the great cathedrals of Europe, her noble cities and lovely villages, and has found its loftiest expression in such figures as Dante and Shakespeare, St. Francis and St. Thomas Aquinas, Moliere and Goethe, Palestrina and Beethoven, great scientists and explorers, great rulers and churchmen, and which has acquired such enormous prestige and power, that until a generation ago it seemed inevitable that the whole world must shortly come to accept European ideals. But these states, like all things human, have their weak point, which today threatens them with eclipse and disaster. They depend upon a delicate balance of forces for their organic health and prosperity. But within them one force has arisen and grown so disproportionately that it threatens to upset that balance, and wreck the entire structure. This usurping force aims not only at securing for itself the essentials of power within each state, but also at using the power so acquired to build up a system of world domination.

The usurping force is the Money Power. Throughout history its influence has been much greater than is commonly supposed. But with the Industrial Revolution it automatically received a great enhancement of its strength. Factory production necessitated the accumulation of large sums of money, for the creation of plant, and for the payment of producers before their product could be placed on the market and sold. Those who were able to provide such sums

were able to make their terms, in the fields both of finance and politics. In the end, the reality of power, especially in highly industrialised countries, came to be largely in their hands. Through their access to money and their monopoly of its creation they came to acquire control both of Governments and of public opinion.

Gladstone was well aware of the situation, and is quoted by Lord Morley to the following effect:

“Since the time I took office as Chancellor, I began to learn that the State held, in the face of the Bank and the City, an essentially false position as to finance . . . The hinge of the whole situation was this: the Government itself was not to be a substantive power in matters of finance, but was to leave the Money Power supreme, and unquestioned. In the conditions of that situation I was reluctant to acquiesce, and began to fight against it by financial self-assertion from the first.... I was tenaciously opposed by the governor and deputy governor of the Bank, who had seats in Parliament, and I had the City for an antagonist on almost every occasion.”

Since that time it has become increasingly difficult for persons of any party to stand for election, much more to stand successfully, if they were looked at askance by the Money Lords. It is still more difficult for such persons to become Cabinet Ministers. For the Money Power has established its cells in the party organisations of all the parties alike, and money “talks.” Moreover, it has acquired an effective control of the Press, either by direct ownership of papers, or by the indirect pressure of its power of withholding advertisements. It could, by a violent Press campaign, make life almost impossible for a recalcitrant politician. This influence is usually exercised in such a way as to conceal the real power behind the scenes. But occasionally the true situation emerges, as when on September 26, 1921, the *Financial Times* warned a Cabinet Minister who was reported to have said that “half a dozen men who controlled the big five banks could make or ruin the country,” in the following significant words:

“Whoever may be the indiscreet Minister who revives the money trust bogey, at a moment when the Government has most need to be polite to the banks, he should be put through an elementary course of instruction, in facts as well as in manners. Does he, do his colleagues, realise that half a dozen men at the top of the big five banks could upset the whole fabric of Government finance by refraining from renewing Treasury Bills?”

It is to be recollected that the banks and issuing houses which claim to exercise such immense power, are in the hands of men not elected or liable to dismissal by any body representing the general public, or the nation. Similar illustrations of the Money Power’s control of the national life could be given from other countries.

Both in outlook and organisation the Money Power is essentially international. It was inevitable, therefore, that as it established itself more firmly over the different nations, it should aspire to convert its separate national overlords into a world-empire. This process is going on today, and it provides the key to many things otherwise unintelligible.

It is evident that for the attainment of their goal the Money Lords must undermine or overthrow the reality of national sovereignty. This, as they realise, is a difficult thing to do, in view of the strength everywhere of national feeling and tradition. But it can be attempted in two ways; firstly, by a propaganda designed to discredit the idea of nationality and substitute for it the idea of internationalism; secondly, by inducing the European nations to weaken themselves by fratricidal wars of exhaustion. If this can be achieved the Money Lords will be ready with a scheme of world organisation which, however disguised, will assure to them world control for a very long time to come.

An enormous step forward towards this goal was made as a result of the World War. How far the war was precipitated by financial interests with this aim in view is a matter upon which opinions differ. The result in any case was vastly to increase the hold of the Money Power, through bringing nearly the whole world heavily into its debt. The debtor is everywhere the servant of the creditor, and the weapon of debt was used to enforce the creditor’s policy on all countries which it was desired for any reason to weaken. England is a good example. Tzarist Russia, always hated by the Money Power, had been successfully eliminated with the help of Germany, and Russia was now governed by men whom the Money Lords had financed, and over whom they consequently had a hold. Germany’s sovereign independence was then destroyed, with the help of England and America, and a government subordinate to the Money Power was duly established. It remained to deal with the English, whose robust nationalism and independence of character were recognised as a serious obstacle to the goal of a standardised world. England had emerged from the war with immense power and prestige. But she, too, could be reduced by the pressure of debt. Using this lever, the Money Power forced her to forgo her naval and air supremacy, to abandon the extremely valuable Japanese alliance, to increase her already appalling indebtedness by returning to the gold standard, to ruin her mercantile marine, to disintegrate her Empire. In a word, they were out to ruin her and bleed her white.

The exploitation of the war and the situation created by war debts, for furthering the international aims of the

Money Power, was accompanied by an unexampled international propaganda. War, it was urged, must never be allowed to occur again. Therefore, an entirely new type of human organisation must be established, which would eliminate nationality, the root of all evil. Men must no longer think in terms of nationality, but of a Super State, which would order all things for the general good.

A notable step in this campaign was the Congress of Freemasons of the allied and neutral nations held in Paris on June 28, 29, and 30, 1917, the secret minutes of which have recently been published by Gabriel Beauchesne, with notes and comments by Léon de Poncins, under the title, *Société des Nations, Super-état maçonnique*. The main business of this Masonic congress—at which the English lodges were not represented—was to discuss the nature of the Peace Treaty which would eventually have to be made, and to draft the constitution of a League of Nations. It was not the governments of the various countries which took this tremendous initiative, but the representatives of secret societies. It is important to realise that what was decided at this congress secretly was later brought to pass by the various governments openly. This included not merely the establishment of the League, but such important decisions as the return of Alsace-Lorraine to France, the re-constitution of a Polish state, the creation of Czechoslovakia, and, above all, the destruction of the Hapsburg Monarchy.

It is particularly to be noted that though the principle of nationality was stridently invoked to justify and hasten the destruction of the central empires, and more especially of Austria-Hungary, the sovereign freedom of all nations alike was to be limited by, and subjected henceforth to, the new overruling authority of the League. The League, indeed, was regarded by the International Money Power and its supporters as the grand instrument for establishing that Power's world domination. A Super-State at Geneva, controlled by International Finance, and with the governments of the various countries taking orders from it, as the branches of a Chain Store take orders from the Central Trust which created them—such is the Money Power's ideal. To complete the structure, there was founded within the same national territory, at Basle, the Bank of International Settlements, whose function it was to lead all the Central Banks instituted by the Money Power after the war, just as Geneva was to lead the political governments those Central Banks were created to control.

The general disillusion and war-weariness which succeeded the Peace of Versailles seemed to augur well for the triumph of the Money Power's scheme. Loaded down with unpayable debts, what nationality, henceforth, could hope to raise its head? A crack of the financial whip was enough to send it cringing back to its corner.

Human nature, however, is full of surprises, and in the very hour of International Finance's apparent triumph a cloud appeared upon the horizon. A small cloud, as of a man's hand, but the prelude to great events. This new phenomenon was the rise of Fascism in Italy. Fascism is essentially the expression of that national idea which the Money Power seeks to destroy. And not only the national idea, but the national idea enlarged and reinforced, in a way which evokes the special enthusiasm of those very working classes on whose discontent the Money Lords were counting to bring national sovereignties crashing down in civil war and ruin.

At first, indeed, there was some doubt about the direction Fascism was going to take. But as soon as its real nature was sensed, the Money Power turned the heavy artillery of its publicity against it. The Press thundered, the wireless insinuated, the cinema selected what would most prejudice and mislead. Fascism was represented as a brutal thing, an oppressive thing, a godless thing, above all, a purely passing thing. And, indeed, at the time of the Matteotti crisis, its enemies nearly got it down, and would perhaps have done so, had it not been broad-based on the people's support. When Mussolini announced the incompatibility of Freemasonry with membership of the Fascist party, and disbanded the Masonic Lodges, the screams of financial fury rose still higher. Equally fierce, but more veiled, was the anger which accompanied Mussolini's settlement of the ancient quarrel between the Italian State and the Vatican, whose present Head had published in certain Encyclicals some very searching judgments on the inhuman and unchristian activities of the Money Power.

Not only did Fascism go from strength to strength in Italy, but its ideas began to cross the Italian frontier, and take root in other countries, notably in Austria, whose national recovery had been thwarted by the League of Nations, and in Hungary, which had experienced the bitter taste of Communism, under the murderous rule of Bela Kun. Still more disconcerting was the rise of National Socialism in Germany, where the Money Power seemed to have established an unshakable hold, and where its activities have been most consciously identified with persons of the Jewish race. Few illustrations of the influence of the Money Power over the English Press are more striking than the manner in which that Press, so friendly to the Germany of the Weimar constitution, suddenly changed its tone and became anti-German on Adolf Hitler's coming to power.

The policy of the Money Power, in face of the rise of Fascism, has been that of the economic blockade. It was easier and cheaper than war, the Fascist powers were formidable fighters, and England had been so systematically

bled that she could not be counted upon to pull her weight in a war for a very long time. Moreover, for an economic blockade, the Money Power, in effective control of England, France, Russia, and the U.S.A., seemed to hold all the trump cards. Italy, in particular, was far from self-supporting. Let an opportunity but arise for putting on the screw and she would soon cry "Enough." If it worked with her, the same policy would work with Hitler's Germany.

The reply of the Fascist countries to the policy of economic blockade has inevitably been the policy of economic autarchy—i.e., to make themselves almost entirely independent of foreign loans and supplies. It is often said that such a policy is unnecessary, because there is no shortage of raw materials—their chief requisite—and that they are perfectly free to buy them in the open market. This criticism overlooks the real point, namely, that in order to buy raw materials, foreign currency is necessary, and that this can only be acquired by selling to foreign countries. But, since the war, practically all countries, headed by the U.S.A. and Great Britain, have introduced, or enormously increased, protective tariffs, thereby making the acquisition of foreign currency a matter of the utmost difficulty, and incidentally forcing a revival of the earlier custom of barter. Consequently, countries like Italy and Germany have had to restrict their purchases abroad to the absolute essentials. Hence their campaigns to become self-supporting in the matter of food. Hence, also, their desire for colonies, where they will not only settle a fraction of their congested population, but will be able to secure many of the raw materials essential to their economy without the necessity of paying for them in a foreign currency. It is perfectly well recognised that economic autarchy is not an ideal to be pursued for its own sake. But, given the circumstances of today, it is the only method by which Italy and Germany can defend their independence against the all-powerful finance of the blockading countries.

The opportunity sought by the economic blockaders came over Abyssinia. It would take too long to enter into all the details of that highly controversial subject. But regarded from the standpoint not of the general public but of the Money Power, the Abyssinian crisis offered the best chance since the Matteotti business of bringing the hated Fascist experiment to an end. That was why the publics of the "democratic countries" were doped with false news, and were provoked to a fury of self-righteousness against Italy, whose case they were never allowed to hear. Italy was to be crushed by Sanctions, imposed by the Money Power's instrument, the League. Sanctions put economic autarchy to the test. Could Italy finish her war before the League countries starved her out? All her energy, all her inventive genius, were flung into the scales. Unsuspected resources were revealed, whether of gold, of "substitutes" or of manufacturing processes. The crisis produced such a triumph of self-help as would have rejoiced the heart of Samuel Smiles. The prestige of economic autarchy was greatly enhanced.

Up to the present, then, the International Money Power has failed to crush out the principle of independent sovereign nationality, as reinforced by the new-old idea of Fascism. Italy and Germany have saved themselves by their own exertions, and may yet come to save Europe by their example. But their task is no light one. For the International Money Power is very firmly entrenched in the so-called "democratic countries," and will not lightly abandon its dream of a world-organisation under its own control; of a globe managed like a vast Chain Store. What will be its next move? It has an amiable way of attributing to its opponents what it is preparing to do itself, and its constant assertions that Italy and Germany are desiring a war may well be an indication of its own intention to use military force where economic force has failed. If one may judge from its Press, serious consideration is being given to the strategy of precipitating, in the name of peace, a universal war, the exhaustion resulting from which would probably leave the world as wax in financial hands. Such a war might well be staged as a war to establish the League of Nations. As long ago as during Sanctions, the Archbishop of York was suggesting that another great and terrible war might be necessary to establish the authority of the League, and that two more generations of men might have to be sacrificed to consolidate its power. There seems to be a certain hesitation about adopting this policy of "Thorough," however, as it is feared that, in the event of a new world war, the secret of credit creation, to which the Money Lords owe their power, could no longer be concealed from the general public.

Meanwhile, for those individuals and nations which dislike the idea of a world-domination by Money, the general strategy is clear. It is to refuse to be intrigued or provoked into fratricidal wars. It is to cultivate national understanding and friendship, on human and not on Genevan lines. It is to reawaken the sense of European tradition, broad-based on Christianity, private property, the family and the national sovereign state. It is to claim for the nation the ownership of the nation's credit, and thus break the monopoly usurped by the Money Power—that Power of which Lord Bryce, certainly no fanatic or wind-bag, wrote that "Democracy has no more persistent or insidious foe." It is to awaken men everywhere to the existence of that enemy, who "is formidable because he works secretly, by persuasion or deceit, rather than by force, and so takes men unawares."

Small Suburban

By B. M. PALMER

“Whoever controls the supply of money has the ability to bring material pressure to bear upon the other.”—JEAN CAMPBELL WILLETT on *Marriage in “Women and Poverty.”*

YES, the little house was hers. She looked with joy from shining window to shining floor. It was perfect. And she would keep it so.

Everyone said Emmie was very lucky. She was not pretty and had no money of her own, but she had done better than most of the girls in her office. Her good fortune was a legend long after she had left her desk. For she had found a happy ending, worthy of the most romantic film ever seen.

Oscar was handsome. He had the grace of a Ronald Colman, the profile of an Owen Nares. He had singled Emmie out from a crowd of ardent young women, though her only outstanding attribute was a spotless perfection of neatness, and within six months had consummated the little romance, complete with house on the instalment plan. But not with Everybody’s furniture. Every stick inside the four walls was paid for when it was bought. Oscar knew where to draw the line.

In these days Emmie always had a smile in her eyes and a song on her lips. For she had found her vocation. She asked nothing better than to keep house, and in her eyes Oscar was perfection. He was so steady. Her mother said what a blessing it was to know when a man was coming home of an evening. Emmie always had a tasty dinner ready, for Oscar couldn’t bear teashop lunches; and then they would spend the evening listening to the wireless, while Emmie got on with the sewing and mending.

Their house and twenty others like it were built round a rectangle of ground that had once been a meadow. All the small gardens lay inside the rectangle, separated by chestnut paling. They were identical in size, but widely different in appearance.

Here was a collection of concrete humps trimmed with tufts of green, which its owner called a rockery—here a patch of oozing mud that might one day be a “lawn”—here a wire entanglement around a few miserable fowls. The whole was surmounted by a maze of wireless masts and their rigging. But Emmie was determined to have the best garden in Riverton Drive. She worked with tireless energy, digging, rolling and cutting, attending to each smallest detail with the patience of a genius. Oscar did not like gardening.

Out in the garden you left behind most of the silent respectability of the front sitting room. Neighbours chatted together over the chestnut paling. You found out quite a lot of things. On Monday you could not ignore the fact that Mrs. Jenkins had just bought a new set of underwear, or that Mrs. Lawton ought to have patched her husband’s shirts. Mrs. Vernon wore the flimsiest of nighties all the year round. There they were, dancing naughtily on the line next to a pair of pyjamas with pink stripes. On Sundays you noted which young men were collarless before breakfast, and which families had Sunday dinner in the kitchen. “Such a low-class habit,” said Oscar. He was very particular about his Sunday dinner. He did not spend very much time in the garden, as he did not like to be too familiar with the neighbours. He had his position to keep up. For this reason he preferred Emmie to dry the clothes indoors, or in the covered yard next to the coal-bin.

Emmie would have liked to make friends with the woman next door, who was about her own age and had two glorious babies, but Oscar said the man was an ignorant socialist, because he had said that the money market was responsible for a lot of the trouble in the world. How could he possibly know as much about such things as Oscar did? Didn’t he realise that if all the money was divided up equally, we should only get £70 each? Emmie was afraid the man must be a communist, and, after thinking things over, decided that Oscar was right when he said it was better not to be friendly, though she felt very sorry for the woman, married to a man like that.

Oscar was very particular about money matters. He said it was only right that a woman ought to know exactly where she stood. He always advised any young man about to marry to divide his week’s money equally with his wife.

“Then there will be no trouble, old fellow, and as you get your rise so your wife gets hers.”

Oscar earned £6 a week, so Emmie got three. Out of this she did the housekeeping, paid the electric light and gas bills and bought the coal. She paid the dog licence, because he was her dog, and the wireless licence because her mother had given her the set. She made most of her own clothes. Oscar said her needlework was far better than what you would get in any factory-made article. Emmie’s mother thought it was wonderful to know just how much you had coming in every week. Her old man had been fond of dropping into the bar on Friday nights.

Oscar paid the instalments on the house, and the rates, 21s. 6d. altogether. He had to spend a good deal at his tailor’s too, as it was so important for him to look well. Money spent in this way, he told Emmie, was an investment for the future. It was important to make a good impression on business acquaintances. As he left the house to catch the 8.33, he was easily the best-dressed man in the procession.

Emmie watched him down the road and thought how wonderful he was, and what a lucky girl she was. During their honeymoon Oscar had asked her if she would like him to insure his life, but she told him not to speak about such a dreadful thing. If anything should happen she could not bear to benefit in any way by his death. So the subject dropped. With the money he might have used for insurance he had a little flutter on the Stock Exchange and did very well.

Oscar had a wonderful brain for business. There was very little he didn’t know about the Money Market. Every week he read the *Financial Times* and *Investor’s Chronicle*. His father had left him £300, and he invested it with the greatest care. He knew just when to buy and sell, and before long he had quite a nice little nest egg.

In the evenings after dinner he used to tell Emmie about his plans. The important thing, he said, was to get to know the right people, and to make a good impression on them. That was the way to get on in the world. Look at the people who were at the top today. They had no nonsense about them, but knew just what they wanted. When you got down to brass tacks, you found that it was money that counted every time, make no mistake about that.

It might mean hard work and sacrifice while they were young, but everything comes to those who wait, and one of these days they would be in the swim.

On Sunday mornings Oscar played golf. It was important for him to have fresh air and exercise after the confinement of the office. Besides, some of the men he met on the course were big men in the business world. It was unfortunate that the rules did not allow women to play on Sundays. But Emmie did not think she would have cared for golf. Besides, there was the dinner to see to. She had always attended chapel before she married, but, of course, it was different for Oscar. Sometimes in the summer he suggested having a cold lunch, and she had time to run out into the garden for a few minutes to look at her flowers and think of the service going on in the little chapel at Barking. But you could not go to chapel in Riverton Drive. You might find yourself sitting next to a tradesman, Oscar said.

It was surprising what a number of things Emmie found to do; but how she loved doing them! While she was finishing one job she was planning the next. She made Oscar a Fair Isle sweater for his birthday. It took her a whole year and had thirty different colours in it. Whenever she went along the High Street she stopped at the outfitter’s to look at the pullovers and decided which pattern she would introduce next. The difficulty was to keep the work a secret, but she managed it somehow. It fitted him beautifully. Oscar said the knitting was wonderful and praised her industry, but, of course, she could not be expected to know what combinations of colour were correct. He wore the sweater for golf under his Burberry, whenever he thought it was going to rain.

Oscar gave Emmie a solid silver épergne for her birthday. It was a very expensive article, but he had got it cheap through someone who was in the know. It was large enough to hold seven different sprays of roses, and it looked lovely on the dining room table. You could just see it from the street. Oscar said it would not take very long to clean if it was done every week. The great thing in housework was to have system.

For their summer holiday they always went to Hastings and stayed with Emmie’s sister, Alice, who was running an apartment house. Alice’s husband had left her for another woman, but she did not think it quite nice to take the matter to court. She had a hard struggle, but managed to get along somehow. Oscar said it was only right to help Alice in her trouble. She charged them for their board and they did without a sitting room, so that it could be let to another party. Oscar spent a good deal of time playing bowls in the White Rock gardens.

“You’re one of the lucky ones,” said Alice, “to have a husband like Oscar. My word I Fancy having a man who spends every evening at home. I didn’t know what it was to have company of an evening after the babies came.”

She took up the heavy tray and carried it up to the second floor front. Emmie noticed that her sister's varicose veins were worse, and the arches of her feet were dropping, and felt so sorry for her that she spent a good deal of time helping with the lodgers. Oscar said how good it was of her to spend her holiday in that way.

The children made a lot of work and were an expense besides. Alice said she would have taken a place if it hadn't been for them. Oscar said, all things considered, it was just as well they hadn't any children themselves, and Emmie agreed with him, though she had been disappointed at first. But no doubt Oscar was right, for she really didn't see how it could possibly have been managed on their money. Oscar would never have allowed them to be dragged up like Alice's children, who, of course, had to go to the elementary school.

After three years Oscar said they would get a three-piece suite with the money they had saved on their holidays. He spent some weeks looking about, and at last decided on two beautiful chairs and a chesterfield in real leather. The day it came home Emmie's little house-proud soul was full to bursting.

"Yes, it looks fine," said Oscar. "I wanted something really good so that we shouldn't have to scrap it when we leave here. For we're going on to bigger things, Emmie."

The chief was talking quite confidentially today. One of these days we'll have a nice little place in Hampstead or Golders Green. You'll have to polish yourself up a bit, old girl. But that'll be easy enough when you can spend a little money on yourself. It's wonderful what the dressmakers and beauty parlours can do for quite an ordinary woman. But I knew what I was doing when I married you. You're a first-rate little housekeeper and can make one shilling do the work of two. A man has to think of these things when he wants to make his way in the world."

* * *

Only a few weeks later something dreadful happened. Emmie never knew how Peter got shut in the dining room that evening, but when she let him out there were two ugly scratches on one of the new chairs. The leather was quite ruined. Oscar gave him a good thrashing when he got home. Emmie knew it was mistaken kindness never to thrash a dog, but she could not help crying, too. Peter kept close to her all the evening, a little bundle of misery.

The next morning at breakfast Oscar said, "We can't keep that dog any longer. I haven't forgotten how he chewed up my slippers, either. I shall take him to the chemist's tonight."

She set down the teapot with a clatter.

"Oh, no, please, Oscar, I can't do without him." "Women are always foolish where animals are concerned. Have a canary instead. Less expense, and less wear and tear. But it's no use talking. I've been thinking about it for some time, and I've made up my mind." Oscar was very strong-willed. When he had once made up his mind about a thing he carried it through.

Emmie did not finish her breakfast that morning. She remembered her father had always said it was kinder to take an animal to the vet than to the chemist. She took the five shillings she had saved towards her winter shoes and fixed Peter to the lead. He had forgotten his troubles of the previous evening and scampered along in an ecstasy of delight at being taken out so early, stiffening his short furry legs against the lead. Emmie went along quickly without looking at him. It was a glorious autumn morning, but she had no eyes for the sun. The vet was out, so she handed Peter over to the door boy.

"I want you to keep this dog for a few days until I can find a Home for him," she said.

"Seven and six a week, Miss."

"I'll pay the first week in advance. I'll come along tomorrow and see how he is. I don't want to have him destroyed, but it may come to that."

"You'll soon find a home for a nice little fellow like that—quite a good dog, he is."

She hurried away, hardly seeing where she was going. It was washing day. All the morning she scrubbed, boiled and rinsed, her tears falling into the soapsuds, while she saw Peter's grimy brick-shaped head as he sat begging for a lump of sugar. If only she could persuade Oscar to let her have him back.

All through dinner that night she tried to tell him what she had done, but her courage failed her. Just as he was

going out to get some cigarettes, she said hurriedly, "Peter is round at the vet's—I've put him there till we can find a home for him."

"What does he charge?"

"Seven and six a week." Her throat was dry.

"Seven and six a week! You must be mad! However, it's your money, not mine."

He went off without another word. Emmie cried the whole time he was out. When he got in she saw at once that he was still angry. He hung up his hat with calm deliberation, and did not speak another word that evening. Next morning at breakfast he said:

"Well, I soon put an end to that foolishness."

"What do you mean?" Her heart began to beat wildly.

"I called at the vet's last night and told him to put that dog to sleep. Seven and six a week!"

Oscar could never have believed that Emmie had it in her. "She looked as if she would have murdered me," he said afterwards. But she didn't say a word. Tearing off her rubber apron she flew out of the house and down the road and pulled the vet's bell till it clanged. He came to the door with mild surprise on his round face and looked at her through his gold glasses.

"The little terrier I brought yesterday morning—have you—have you——"

She was too late. He had to take her into his surgery and give her sal volatile before she could go home.

When Oscar came home to dinner he said he hoped she was more reconciled now, and that sooner or later she would realise that he had acted entirely for the best.

"Don't let's tell people we—got rid of him," said Emmie, "let's say he just died."

"Just as you like, though I don't see why we should tell a lie about it."

She was crying again and could eat nothing. Oscar said it was very wrong to upset yourself so much about an animal. Anyone would think she had lost a parent.

The house never seemed the same after that evening. There was no scampering about the kitchen and passage, no singing or whistling. Emmie arranged a cushion over the scratches on the easy chair, and whenever it had to be dusted she shut her eyes so that she could not see them. She was very quiet, and lost interest in her needlework. Often when she was supposed to be sewing, Oscar would find her gazing intently at him. He thought it best to pay no attention to a mere fad like that.

In the spring she had a bad cold, though fortunately not bad enough to keep her in bed. She was able to get up every morning to cook Oscar's breakfast, but stayed indoors as much as possible. It was the first time she had been ill for years.

And so the summer came with a great burst of sunshine that year; it was June.

Oscar was triumphant. The chief was becoming very confidential indeed. He felt it was only a question of weeks before he was in the manager's office. And then came the invitation to lunch for the third Saturday in June. He told Emmie about it in a manner which showed her how important the occasion was.

"You are invited, too, Emmie," he continued. "Make yourself look as nice as possible. It is most important that we should create a good impression on the chief. I'm giving you thirty shillings to get yourself something really nice. I don't think you've got a frock fit to wear at present."

No one had ever given her such a present before.

"Oh, Oscar!" it is good of you," she cried.

He was pleased.

“I want you to look really nice,” he said.

A bright flush came to her thin cheeks. It would be lovely to make something new. She had a passionate love for beautiful clothes. She knew exactly the frock she wanted, the frock of her dreams. She had seen it in Liberty’s, of heavy green silk, very simply and beautifully made, with a deep band of smocking round the hips. She was slender enough to wear this, she thought. By putting a little extra to the thirty shillings she could afford real Liberty silk. There was no time to be lost. The next morning the purchase was made, and the same afternoon she put her scissors into the gleaming folds. Gradually the beautiful thing grew, every stitch of it sewn by hand. She knew it suited her. Life seemed brighter than it had been for many months.

The third Saturday in June dawned in rain, but the sun broke through the clouds about nine o’clock. Emmie was to meet Oscar at eleven at the corner of Piccadilly Circus. She felt very happy and excited, for she had told him the frock was to be a surprise, and he had not seen it as yet. She allowed plenty of time to dress, attiring herself with the dainty precision of a bride. She was immaculate from shining fingertips to shining toe. As she left the house she got a thrill of pleasure from her reflection in the hall glass. She looked almost pretty, she thought, even better than on her wedding day. By the time she reached Piccadilly the sun was blazing as it had done every day that week. Oscar came up to her in his perfect grey summer suit, raising his hat with his perfect manner. A shade of displeasure crossed his face.

“I must say I am disappointed,” he said. “If you had consulted me I should have told you green was not your colour. You’re far too sallow. It’s a pity you didn’t tell me what you were going to get.”

Emmie gasped as though cold water had been flung in her face.

“You ought to have had a new hat,” he continued. “No one wears droop brims this season. And why bring a mackintosh? No smart woman ever carries one.”

Emmie was fumbling in her bag.

“I can’t find my handkerchief,” she said in a choking voice.

Oscar was annoyed.

“Really, Emmie, you behave just like a child,” he said. “And I’m thoroughly fed up with that cold of yours—you’ve had it for months. You’d better go across the road and buy a handkerchief.”

There was something rather strange in the way Emmie stepped into the road. Anyone would have thought she couldn’t see where she was going. But she didn’t get far.

It was certainly not the driver’s fault, everyone said. Emmie lay in the road, unconscious of the hurrying confusion and horror of which she was the centre. Presently she opened her eyes, and after a moment their unseeing gaze cleared to comprehension.

“It was my fault,” she said. “I saw my husband and ran—across—to meet him, without looking.”

* * *

“Can’t live,” said one of the policemen after the ambulance had driven away. Good God! these accidents fair sicken me.”

“Don’t know what she meant about running to meet her husband,” said the other. “I saw them talking together just before she ran into the road.”

He stooped and picked up Emmie’s green silk bag from the pavement.

Broke

A “certain air of unreality” was introduced into a recent meeting of the Non-Intervention Committee, when it was stated that the Committee was already heavily in debt, and the account at the bank was approaching insolvency. Unless some arrears were paid, the Secretary said, it would be necessary to close down the whole scheme. The Committee adjourned, “feeling that the prospects of practical measures for enforcing Non-Intervention were negligible.”

The Convention of Cost

By R. L. NORTHRIDGE

CONVENTIONS have their uses; if we had to think out, from first principles, a course of action or a situation every time some decision had to be taken, we should get nothing done. Conventions save time and mental energy. They are the invaluable and well-memorised formulae that we apply almost instinctively to all the problems of living.

We are only too apt, however, to forget that, if there is such a thing as ultimate truth, we certainly have not as yet discovered it. Modesty, indeed, hints that such a commodity might prove a little too much for the apparatus we carry within our skulls. Even the most valid convention, therefore, must be based upon what is at best a qualified section of reality, and if our problems shift, as all problems have a way of shifting, out of that section, the convention increasingly fails to give us the results we desire.

This unfortunate outcome, of course, might have a speedy remedy; a prompt reference to first principles would show where the convention was at fault and suggest sound methods of making it once more a reasonably correct reflection of reality. The trouble is that, just as the majority of slave-owners became the property of their own slaves and for the same reason, the out-worn convention is usually the very last thing to be questioned. Instead, desperate and unavailing attempts are made to alter reality, while anyone who hints that, just possibly, the convention might need a little overhaul is dismissed as a crank and an iconoclast. Let us face the brutal truth: the one thing *homo sapiens* will not do, save in the very direst extremity, is to “*think again*.”

An example is afforded by Euclidean geometry. For two thousand years the axioms of Euclid and the geometry founded upon them were regarded as absolute truths; “a straight line is the shortest distance between two points” was as valid on earth as it was at the back of the spiral nebulae. Quite recently, however, it was found when considering problems involving immense magnitudes and almost infinite degrees of smallness that Euclid’s geometry gave results not in accordance with the observed facts. It became apparent that this geometry, with the axioms upon which it rested, was merely a convention, corresponding well enough to reality so long as the magnitudes involved did not approach the limits; quite a number of other geometries could be constructed just as logically from other axioms, and it became merely a matter of selecting the one that best fitted the observed facts. Yet Lobachevsky and Bolyai, the first inventors of a geometry differing from Euclid’s, were thought to be mad, and Gauss, who had privately held similar opinions, confessed that he had been afraid to publish them.

So much for the natural power of convention upon the human mind; when it is reinforced by all the resources of vested interests, it dies hard indeed, though the problems to which it prevents a solution may be of vital importance to every civilised human being.

The main force of a convention is that it masquerades as ultimate and axiomatic truth, and habits of thought are so strong that only a particular and very special type of mind will have the originality to question it. A very good instance is afforded by our mental attitude towards a distributive system based upon Financial Cost.

Cost is arrived at by adding together all the financial disbursements occurring in the production of a commodity and dividing the total by the number of articles produced. In practice, this method is applied only to the calculation of overhead charges, the wage and material costs being calculated and added specially for each individual article, since the articles turned out by a factory are not usually all identical. Price is arrived at by adding a financial profit, which may be regarded as the cost of the entrepreneur’s services. The financial disbursements referred to, which must, of course, be paid ultimately to individuals, are exchanged by them for the product they have helped to make.

In favourable circumstances, more may be asked for the article; during a slump less may have to be accepted temporarily, but normally, and so long as the firm flourishes, price as thus computed measures the exchange-value of the article. Price, based upon the costing process just described, must be maintained, otherwise financial sanctions are incurred which result in the firm going out of business.

Now all this is simple enough and quite logical within its own frame of reference. What we have to notice is that this frame of reference is entirely arbitrary, and that a system based upon the idea of financial cost is merely one method of distributing the available communal product. Other systems have been experimented with by Russia and by Japan, at least as regards their export trade, and it is entirely practicable to construct any number of perfectly logical methods, and to select whichever corresponds best with reality. For instance, the entire man-hours worked by the community during a given period might be computed and this total taken as the total production cost of the period, this cost being assessed over the various units of production by any convenient method, the community purchasing the goods by “man-hour tokens” distributed according to the number of hours worked by each individual.

Arbitrary and undiscriminating though such a system would be, it would nevertheless ensure a natural solvency and an effective demand upon the entire output—results which the present system, superior in other respects, signally fails to accomplish.

It is not proposed to discuss the failure of the present system, beyond noting that the prime symptom is a failure of effective demand, and that it contains no arrangement for directly equating total costs with consumers’ incomes. What we have to do is to consider the nature of the physical reality underlying the notion of Cost in order to discover, firstly, why a distributive system that worked reasonably well at certain times now fails to give satisfaction and, secondly, what changes or modifications are required to secure acceptable results.

Now, in a physical sense, the cost of any given programme of production is the material and energy used up (or, strictly speaking, converted) in the course of carrying it out. If Robinson Crusoe sowed a bushel of corn, while maintaining himself by consuming a further four bushels, the resulting crop of, let us say, twenty bushels cost him five bushels. The real cost of a bushel to him was a quarter-bushel. Regarding the crop as money, however, the price of a bushel cannot be less than a bushel; he cannot part with a pound for anything less than a pound if he is to continue in business. Nevertheless, the physical price (at which alone the goods can be cleared) must be less than financial cost in the same ratio as consumption is less than production—in this instance, 5 : 20.

From this illustration it becomes obvious that the real price of anything—the price at which Nature makes the goods available—is expressed by the ratio

Rate of Consumption

Rate of Production and that it does not greatly matter what convention we adopt for the computation of cost, so long as the price to the consumer is modified correctly by this expression.

Price today equals financial cost (including profit); physically, the cost of production is consumption. These are not the same, except in a special instance—when consumption exactly keeps pace with production. In such circumstances, when all the money paid out by industry (cost) has been recovered for the product as price, everything will have been sold, and the ratio between Consumption and Production is unity. In normal circumstances, with modern methods of production,

Consumption

Production is considerably less than unity, so that Cost x

Consumption

Production is well below the selling price of the product as at present computed, for appreciation of material assets greatly exceeds depreciation, including consumption of consumable goods.

The application of the Consumption/Production ratio to price is an extension of the Income and Expenditure principle, which is the basis of accountancy and is used to regulate the monetary affairs of every business. If Income (Production) is in excess of Expenditure (Consumption), then

100 x Income Expenditure

Income gives the average percentage of profit on each transaction, and if it were desired to pass this profit on to the customers it could be done by multiplying the selling price, made up as was usual, by the value of the expression

Expenditure

Income The excess of Production over Consumption in a modern community represents the communal profit in real wealth on the production-programme for the period, and can conveniently be distributed by the same method. When it is not so distributed, it must pass quite automatically into the hands of those institutions which create money.

The community's money has been exhausted by the purchase of the values expressed by the term Consumption, and it cannot buy in addition the increment of goods representing the real profit on the period's work (Production - Consumption). Though these goods may be for the most part capital assets, the public, as individuals, is entitled to the financial means of acquiring them, otherwise they must pass under the control of the banking system and be entered against the community as debt. For all production must, in one way or another, be consumed, and all consumption is charged against the community as price or as taxation. The increment of profit in each period thus becomes a mounting debt.*

*"A Balanced Budget ... is simply a statement in accounting figures that the progress of the country is stationary, i.e., that it consumes exactly what it produces, including capital assets. The result of the acceptance of this proposition is that all capital appreciation becomes quite automatically the property of those who create an issue of money, and the necessary unbalancing of the Budget is covered by Debts." — C. H. Douglas: "The Alberta experiment," pp. 184, 185.

It is not difficult to see why the present methods of computing price worked with tolerable success during long periods of the world's history. Before solar energy was employed in the productive process, each year's production was very nearly balanced by its consumption: capital equipment, the form "saved" production usually takes, was primitive and its value, as compared with the value of the consumable product, was very low.

Cost x Consumption

Production practically equivalent to Cost: the problem had not then begun to move towards the limits.

Nevertheless, there is a considerable body of evidence to show that, where any important civilisation was built up, with its cities, mines and other aggregations of capital, the ratio

Consumption

Production became appreciably less than unity, and that the destruction that ultimately overtook these attempts at an organised society proceeded from a failure to solve an economic problem strongly resembling our own. Sabotage and restriction of output were not unknown (though it has been reserved for our own ingenious advisers to give these terms a rapturous emphasis), but the real likeness resides in the growth of debt which, in the Roman civilisation, removed the patrician from his estate, the peasant from his field and the craftsman from his implements, and, finally, the solvent buyer from the market.

Since the ratio Consumption

Production is now considerably further from unity than at any time of which we have record, it becomes increasingly urgent to apply it to the prices of all goods for sale. If this is not done, and done soon, we can expect no other fate than that which overtook earlier civilisations possessing no knowledge of the "true unit of account," or lacking the will to employ it.

A Way They Have

A "Bernik" is a controller of taxes, and this one was employed in Bulgarian Macedonia. Two peasants, considering that they had been overtaxed, complained before the tribunal of IMRO, which found them in the right. The revolutionaries informed the "Bernik" that these people must not pay the amount he had charged. "Let them pay first," said the "Bernik," "and they can claim a refund later." He was seized, his shoes taken from him, and, barefoot, he was put on the road to Sofia.

"Give me back my shoes," implored the King's representative. But this incensed his judges and they removed his trousers, and at the point of the revolver he ran towards Sofia. So he made his entry into the capital. All taxpayers, alas, do not live in Bulgaria!—From "*Terror in the Balkans*," by Albert Londres.

VERSE

“Love and Duty”

THE bonds of Duty are as bands of steel . . .
But the bonds of Love
Are like a ring of flame, a breath can break,
But it will join again, invisibly quick,
And none can know
Where it has parted and the rent reblent.

The inner circle of this fiery ring
Is smooth and blue, retreating, bending—blown
In willowy shudderings 'fore the advancing form—
But, ever whirling, keeps its unbroken orb ;
And whoso will
At any time can pass through and be gone
Into the outer dimness of the World.
For there the circle is
A red and flaring, dissipated flame,
Singeing and scorching moths, and shuddering things
That hold out shrinking hands in wonderment.

To pass in from without is far more hard.
There is a breathless moment some have known,
When from the heart of that blue heavenly ring
A Hand stretched out
Has plucked them through into the inner shrine.
Ah, there the pure blue of the living flame
Has so bewitched their senses, for a time
They seem as mazed as creatures in a trance.
Anon the pale rare facet of Love's beauty
Wakens their dreaming souls and, dazed,
They worship . . . and they live.
The ruddy glare without
Is as the memory of a delightful dream
Gone, with a sigh, in the gold flood of day.

The bonds of Duty are as bands of steel,
Hard, not inflexible, but cold . . .
Cold, cold.

B. W. KITCHING

The Inner Life

AS one, who travelling land on land,
Learning new speech, new art, new policy,
Finds his familiar village strange, and spanned
By light of even richer mystery,
So for the man whose ardent eyes have scanned
All tracts of time, all starred immensity,
Dawn richer marvels: that he lifts his hand,
That his heart beats, or motion bends his knee.
So in that minim world yet infinite
Of self, the heart discovers comprehended
Whatever is of beauty, grief, delight.
Deserts more vast than earth's for weariness
It roams at will, and soars by roads more splendid
Than heaven's own Milky Way from its distress.

GEOFFREY JOHNSON

Is There No Sanity?

IS there no sanity?
Is there no plenty on the Earth,
No power from the Sun,
No understanding what they mean?
Is there no Man's work to be done
That men should rival the machine?
Is there no purpose, then, in birth
But to cheat death until we can no longer?
Have, then, our fathers toiled in vain—
Left us no freer and no stronger
For all the labours of the human brain?

Lo! they bequeathed a heritage of kings—
The overlordship of material things!
Ant-like, we serve a purpose not our own;
Fearful, we cling to fetters which are known—
Time-filling work, soul-killing poverty,
That we may shirk our proper liberty.

GEOFFREY DOBBS

Eudaemon Looked at Suicide Through a Monocle

“Ends and Means.” By Aldous Huxley (Chatto and Windus, 8s. 6d.).

MR. ALDOUS HUXLEY has written a book called “Ends and Means,” and it will be read by quite a lot of people, because they have learned to expect good work from this writer—and once more they will find that he has written a good book. It will be read by many students of Social Credit because they are much occupied with the study of ends and means—and they will find that Mr. Huxley has reached the same conclusions as (thanks to Douglas) they have reached themselves. That conclusion is that, so far from the end justifying the means, it is the means which justify the end; as Mr. Huxley admirably puts it, “the end cannot justify the means, for the simple and obvious reason that the means employed determine the nature of the ends produced.” This, by the way, is so fundamental that it is disastrous for it to be acknowledged, as far as one can observe in modern life, only by ourselves and by Mr. Huxley and his associates.

Another important aspect of this matter also aligns Mr. Huxley’s thought with ours, for he asserts that you cannot achieve an end by practising its opposite. You cannot achieve liberty by practising oppression, nor peace by preparing for war. The fact that you cannot achieve peace merely by desisting from preparation for war is also perceived by Mr. Huxley, albeit a trifle reluctantly. And this book sets out in effect to review the means we can adopt to secure peace which will in themselves justify peace when it is attained.

It is at this point that those of us who are Social Crediters will begin to find ourselves in some measure of disagreement with this earnest thinker, whose earnestness is the more impressive as it comes from one who has delighted us in the past with his light and catholic touch, and his tolerant smile at all “earnestness.” We disagree with him because we have a touchstone—we have a philosophy—which is, of course, the first requisite for any sound criticism. The ingredient of this philosophy against which Mr. Huxley transgresses most I will set out in these words:

“Our financial system is such that every successful industrial country is constantly compelled to finance new rivals—is compelled to transform one-time consumers into competing producers—is compelled to close against itself the external markets of which it has so urgent a need—is compelled, in a word, to commit what is, in the existing circumstances, economic suicide. Ex-president Hoover has explained the reasons for this strange state of things in a few clear sentences: ‘We have an equipment and a skill in production that yields us a surplus of commodities for export beyond any compensation we can usefully take by way of imported commodities.’ (‘We,’ of course, are not only the American people, but every successful industrial nation.) ‘There is only one remedy, and that is by the systematic permanent investment of our surplus in productive works abroad. We thus reduce the return we must receive to a return of interests and profits.’

“In other words, every industrial country produces more than it is able, under the existing financial system, to consume; its producing power is greater than its purchasing power. It has a surplus which it exports. But it is unable to take imports in full exchange for its exports; for, lacking purchasing power to buy its own surplus, it equally lacks purchasing power to buy the equivalent of that surplus from abroad. Therefore it must use the product of its export sales in systematic permanent investment abroad . . . Thus we see that every successful industrial State is compelled, as things now are, to spend its surplus money in restricting the existing outlets for its exports and financing rivals to compete with itself in such diminishing markets as remain.”

That is an admirable statement of one aspect of the main cause of war at the present time—it is not complete, but it has this merit, in its context, that it was written five years ago by no other than Mr. Aldous Huxley.*

*“Compulsory Suicide,” by Aldous Huxley. *The Referee*, September 17, 1933.

Mr. Huxley is not unmindful of this, because he refers to the matter, though in a somewhat perfunctory manner, in his chapter entitled “War.” It is in fact referred to as number eight in a list of nine causes of war. It is not specifically referred to again except in the following terms.

“Currency reformers, such as Major Douglas and his followers point to the defects in our monetary system

and affirm that if these defects were remedied, prosperity could spread over the whole world and every possible cause of war eliminated. This is surely over-optimistic. Defects in the monetary system may intensify economic conflicts in general. But by no means all economic conflicts are conflicts between nations.”

He goes on to express a fear that nationally-controlled scientific currencies may become a potential cause of war. That is a good point, but I fear an evasive one—quite unintentionally so, undoubtedly, because this is a most earnest and sincere book. It illustrates well the almost paralysing handicap under which Mr. Huxley suffers. He is not myopic, but one-eyed. Stereoscopic vision is denied to him, as to so many literary explorers in this field. He sees the whole of the problem all right, but it appears photographically to him. He is unable to decide clearly what is the first thing which must be done before anything else is done; and having this defect (together with a regrettably superficial knowledge of what Major Douglas—who is not even interested in currency reform! —proposes) he naturally regards as optimistic anyone who is able to see the picture in relief and to say, “This must be done first.”

The fact that Mr. Huxley is so much impressed with the savagery, futility, and bestial destructiveness of war that it has for practical purposes rendered even his monocular vision useless to him may be ascribed to a different cause. His pleasantly astringent mind will take no offence when I point out that the widespread preoccupation with the undesirability of war which has been such a feature of the last twenty years is coincident with the inescapable conclusion that the civilian population will be the worst sufferers in the next one. And in any case I should be the last to blame him. If only he had not written such a good book so near to the truth!

Fortunately, or unfortunately—it is difficult to say which—Mr. Huxley’s book will be read only by his established admirers, many of whom will soon lay it on one side for obvious reasons, and by a few Social Crediters. And, of those who do read it, very, very few will give it anything approaching serious consideration. It will be read, probably at best, in somewhat the same manner as Mr. Huxley appears to have read something or other by Douglas.

There are many reasons for this, including, say, the general level of literary taste, the optimism of publishers, the industry of writers, and what have you. Mr. Huxley could survey the position far better than I could hope to do so, but at the end he would be as far from a solution of the problem as when he started. He would, as in “Ends and Means,” be able to suggest a number of moves—say, to educate the literary taste of individuals, to persuade publishers to publish only the best, to set good examples by reading only the best ourselves. Any form of compulsion he would rightly reject, as being a means condemnatory of any end, however worthy in the abstract. And I should again be able to read his book with pleasure, and, finding so much to agree with since I have learned so much from Douglas, to give it commendation here. Yet I should also, by my Social Credit touchstone, again be compelled to observe that his camera eye has failed to isolate that first thing which must be done first, before anything else can be expected to succeed.

The competition between publisher and publisher, between publisher and grocer (and all others), and between all these trades and the tax collector to wrest from the public the money which is a license to live—that competition is war. War, the violent intensification of economic competition, is, like that competition, merely a symptom of another cause: the fact that economic competition in a certain sense is no longer a real necessity—it is only an artificially imposed competition.

This artificial imposition is based on two arbitrary propositions which can be altered—the first has been stated by Mr. Huxley in these words, “Every industrial country produces more than it is able under the existing financial system to consume; its producing power is greater than its purchasing power.” Very good—increase its purchasing power until it can consume. The second proposition is that the distribution of purchasing power must be a function of work in progress. (Hence, for example, the spate of literary output from the pornographic upwards in the attempt to perform work which will draw purchasing power.) Very good, make the distribution of purchasing power a function of goods and services actually produced, and its withdrawal a function of consumption and depreciation, and let who will be industrious.

Do a few things like this and you will have solved the problem of poverty in plenty, by releasing plenty—of haves and have-nots by making haves of everyone—of unemployment by making it leisure. You will have removed the major cause of war today and may thus have the breathing space necessary to make the progress in charity which Mr. Huxley rightly perceives to be an eudaemonic means to the end of peace on earth and goodwill towards men. And if Mr. Huxley is really interested in eudaemonism, he should inquire into the experiments in Social Dynamics now being made by the only genuine eudaemonic school of thought in the world today. The active work of the movement which he has so briefly dismissed in the quoted passage consists in deliberately using means which, in the most literal sense, justify the end.

W. L. BARDSLEY

Facing Forward

“Consumers’ Credits and Unemployment.” By J. E. Meade (Oxford University Press, 5s.).

IN his preface, Mr. Meade promptly dissociates himself from the views of the Editor of this review, but submits the book to the latter’s followers in the hope that it will “demonstrate the limitations of their cure for poverty.” Vain hope. Any writer who regards industrial employment as an aim for which to strive, and who accepts the inevitability of the trade cycle, must necessarily suffer limitations from which those who have once sighted freedom through Social Credit glasses are immune; but, even for these, the author’s proposals for using consumers’ credits and taxation alternately for flattening the peaks and hollows of the trade-cycle curve deserve more than passing attention.

The author distinguishes between three types of unemployment: (1) intermittent, (2) structural, and (3) depression unemployment. The first is due to seasonal changes, changes in fashion and in consumers’ tastes. The second arises from major changes, such as the loss of a large export market due to tariff barriers or other causes, or revolutions in industrial technique, causing whole districts to become “depressed.” The third is due to a general depression in trade, in which the demand for all commodities falls off simultaneously.

It is only with the third type that the author is concerned. In his opinion the appropriate measures to deal with (1) and (2) are social and political rather than financial, and thus outside the scope of his book.

After weighing the pros and cons of various methods for the issue and redemption of consumers’ credits, his final scheme provides for the payments to be made to:

- (a) All workers—whether employed or unemployed—who are insured under the existing Contributory Pensions Scheme.
- (b) The wives of such persons, in so far as they are not themselves workers similarly insured.
- (c) The children under 15 of such insured workers.
- (d) All Old Age Pensioners.

Assuming that types (1) and (2) account for the unemployment of 12 per cent of insured workers, the payment of consumers’ credits would commence as soon as the unemployment index rose above 13 per cent, while a tax on wages would be levied as soon as the index fell below 11 per cent. The scale of payments proposed seems meagre in the extreme—1s. per month per person when the index is between 13 and 14, 2s. per month between 14 and 15, and so on ; while a tax of 2s. per month per person would be levied when the index was between 11 and 10.5, 4s. per month between 10.5 and 10, and so on. The present machinery of insurance cards and stamps would be used to collect this tax, half being paid by the worker and half by the employer.

A graph shows the percentage of insured workers unemployed from 1925 to 1937, together with the consumers’ credits which would have been paid from 1929 onward, on the assumption that these payments would have had no effect in reducing unemployment. Actually, of course, the payments would have been less. During 1931 and 1932 the payments reach the rate of 10s. per month per person, while they cease altogether after the middle of 1936, and a tax appears early in 1937.

Bearing in mind that 1937 was a year during which some 13 millions of our people suffered from malnutrition for want of sufficient incomes to buy the proper foods, many readers will be revolted at a proposal not only to tax workers’ incomes under such conditions, but also to raise prices—for the employers’ contribution to the tax is a production-cost which must figure in prices. In fairness to the author, however, the narrow range of the problem he has set himself must be borne in mind. Moreover, he is prepared for periodical adjustment of the scales of payments and tax in the light of experience.

Any proposal to increase credit issue, in any form, with no machinery for price-regulation, must be suspect. But the author sees no need for the latter, within his limits. He holds that “an increased money demand for commodities will lead to increased output and employment, rather than to rising prices, so long as there is general unemployment which enables a larger output of all commodities to be produced in response to a rise in demand.” He is an optimist.

Perhaps the most interesting part of the book is that dealing with the functions of the banks in relation to the scheme. Upholding the sanctity of cash reserves as the essential basis of a trading bank's credit issues, the author provides a neat arrangement whereby the payment of consumers' credits into the banks shall not directly swell these cash reserves.

The scheme, he says, is "in no way incompatible with ordinary independent banking action." According to Mr. Montagu Norman, the difference between the Treasury and the Bank of England is the difference between Tweedledum and Tweedledee; but the prospect of Tweedledum, with his eye on the unemployment index, increasing incomes by consumers' credits while Tweedledee, with his eye on the commodity price level, decreases them by orthodox banking methods, is not reassuring, even though, as the author explains, Tweedledum's method acts more promptly than the other.

In the last chapter the possible international repercussions of the scheme are discussed. If this country adopts it during a world depression she must be prepared, in the author's opinion, to allow her currency to depreciate in terms of foreign currencies, and there must be no return to a gold standard.

Admittedly the scheme is but a very short step in the right direction, but it is in the right direction. It is unlikely that Social Credit will be adopted outright in this country, in the form of a complete and logically reasoned plan; we are not built that way. But it may well be that by experimenting with just such schemes as the one proposed here, God's Englishmen,

"Just as Saxon slow at starting,
Just as weirdly wont to win,"

may stumble into the light.

A. W. COLEMAN

Falling Short

"War Finance and its Consequences." By F. Fairer Smith (Faber, 12s. 6d.).

MR. FAIRER SMITH belongs to the "maldistribution" school of thought. In his introductory chapter he states that maldistribution of wealth was, before the Great War, being mitigated (presumably by taxation), and that the object of his book is to show that the aggravation of maldistribution brought about by war finance is the origin of the world's present afflictions.

The book consists of a detailed account of the financing of the Great War by loans and taxation, and of the financial policy pursued in this country since the war until 1935. The speeches and writings of politicians, bankers, and economists are quoted at length, and Mr. Fairer Smith maintains a running commentary of his own criticism and opinion.

Readers of THE FIG TREE will find the book aggravating. There is not one reference to the writings of Douglas nor to his technical analysis, and yet many passages might be quoted as from an adherent. For instance, commenting on J. S. Mill's "Principles of Political Economy," Mr. Fairer Smith lets himself go splendidly: "Merciful heavens! If that is where the science leads us we had better leave it alone. Is nothing ever to be consumed? What on earth is production for if we are perpetually to drill ourselves in abstinence?" Or again: "We must always beware of sticking too closely to the mere money argument or we shall confuse the symbols with the real things." Such flashes illumine dark pages in which the author insists on heavy taxation of the rich, and seems to regard the provision of employment as the only means to a fair distribution of purchasing power.

Yet Mr. Smith has few illusions about the nature and source of money, and he distinguishes clearly between real and financial credit. Showing that financial credit for the war could have been created directly by the banks at a cost to the State of administrative expenses and a small commission only, he analyses the methods by which war loans were floated, but appears to be confused as to the relative positions of the Government and the Bank of England. He refers to the proceeds of war loans as being "created by the Government," when he means that the Government accepted responsibility for the loans and the interest thereon. Although the large war loan holdings of the banks are referred to, they are confused with the holdings of private individuals.

Mr. Fairer Smith's argument is roughly as follows: The Government borrowed from members of the public. The holders of the loans thus held "deferred claims to wealth," and in addition levied tribute in the form of interest. Further, the money loaned was spent by the Government for war purposes, and the people who held the loans were those profiteers and industrialists who profited richly from Government expenditure. Thus arose a "concentration of claims to wealth," i.e., the "maldistribution" referred to at the opening of the book. The proper remedy was to tax the rich much more severely than was actually done. The author further maintains that the State could have "paid its way" without recourse to borrowing if only taxation had been sufficiently high. Presumably taxation should have been imposed, even if the Government had created the necessary money without borrowing. Why a Government creating its own credit should need taxation is not made clear. The author makes the point that more severe taxation would have prevented war-time efforts from being dissipated in the production of "luxuries"; but surely temporary powers could have been given to the Government to prevent such production, if found necessary in attaining a limited objective, namely, the winning of the war.

Mr. Fairer Smith's general point of view is well summed up in his own words: ". . . a country can afford all it can produce or obtain in exchange for its production, though many of its citizens may be prevented from satisfying their wants owing to the deprivation of purchasing power caused by the heaping up of claims in the hands of a minority." He is very nearly right, but he does not examine closely enough the real nature of the "minority," nor does he distinguish between a claim for goods and a financial debt.

The author blames producers for the bankruptcies and capital reorganisations resulting from post-war deflation, and thinks they would have done better to submit to a capital levy, a form of taxation which he finds very attractive. He quotes the Cunliffe Committee's Report as to the desirability of repaying war loan held by the banks out of taxation, and comments: ". . . if the Government had confined this creation of credit for the public need to the Bank of England, acting, not as a private corporation, but as their agents, there would have been no question of repayment."

The absurdity of the Gold Standard is well explained, and the fallacy of the necessity for saving exposed. On the other hand, foreign investment is strongly advocated, with the complementary condemnation of Economic Nationalism!

Thus would Mr. Fairer Smith complete the circle and recreate 1914 conditions, with the necessity for War Finances—and the consequences.

J.G.T.

The City Through Fabian Spectacles

"The City Today." Issued by the New Fabian Research Bureau and published by the Bureau and Victor Gollancz, Ltd. Price 1s.

IT is extraordinary to think that at one time, and that not so long ago, the Fabian Society was regarded by many as a dangerously revolutionary reform movement. Today, in view of its past record, those who regard it in this light must be few indeed, and to an increasing number, it must appear like the lady in the once-popular song, "She's dead, but she won't lie down." This booklet, the latest effusion of the Research Bureau, one hopes will do much to give a final quietus to the unwilling corpse which, it is to be suspected, has been saved from long overdue interment only by frequent injections of bankers' corpse-reviver.

The author of this booklet is "A Citizen," a pseudonym that suggests membership of "the City" with which it deals. This is as it should be, for it might well have been written by any great banker with a liking for aliases.

The picture it paints of "the City" is just such a one as a banker—particularly one who said "Nationalisation, I would welcome it"—might wish to give the public of the financial policy of the City in recent years. We are told that, since 1931, through the War Loan Conversion, the Exchange Equalisation Fund, Treasury regulation of foreign lending, and municipal borrowing, etc., the Government has controlled the City. The Equalisation Fund, it is suggested, is the key to this change, for it removed exchange control from the Bank of England to the Treasury, and its operation thus became open to question in Parliament. Actually, an examination of the answers to questions in the House regarding the Fund shows how utterly valueless is the right to question its operations. But to Mr. "Citizen" this matter of the location of control is "of great importance," whereas the much more important question as to the interests in which it is exercised is ignored. The writer's reason for this view is that "There has been much loose talk about a financial crisis and the flight of capital which would occur if a Labour Government were returned to power.

The machinery is now being perfected by which any such flight of capital could be much more easily controlled.”

The picture one gets here is of a Socialist Ministry telling the Treasury, who control the Fund, to tell the Bank of England, who operate it, what to do. It is delightfully naive in the light of an earlier statement anent the crisis of 1931—“The Labour Government, with *no knowledge* of the City and, what is very important, *no liaison with the City*, was rattled and divided, and fell.” (Presumably the Labour Government of that day had no “Citizen” to advise it, and next time things will be different!) The words italicised make strange reading in the light of Viscount—then Mr. Philip—Snowden’s boast that, as Chancellor of the Exchequer, he was the “Bankers’ Minister.” Were he alive today one suspects he would deny indignantly that he had “no knowledge” and “no liaison” with the City, which rewarded his services with a Viscounty.

“Citizen,” having shown the importance of the Equalisation Fund as a Socialist mechanism, subsequently gives unstinted praise to the operations of the Exports Credits Department. The work of this Department must intensify the struggle for export markets of which armed warfare is the logical outcome; indeed, it is intended to do so. It was originally formed to insure credits granted by British exporters to overseas customers, but latterly has extended its operations to cover medium term credits and the transfer of debts from countries with exchange restrictions. It is the somewhat feeble British reply to forced exports by means of blocked exchange, as in Germany and various other European countries, and subsidies as in Japan.

The business of this Department has expanded from £7½ million in 1933-34 to £35 million in 1936-37, and, says “Citizen,” “given the energy and skill of the civil servants in charge, it is exceedingly probable that in a few years’ time the figure will rise to £100 or even £150 million.” This governmental trading in credit, it is suggested, is at the expense of the merchant banking houses, which have not shown sufficient initiative. No mention is made, however, of the other side of the picture, namely, that the Government takes the risk, and that bills backed by the Export Credits Department become “fine paper” which the banks can discount with practically no risk to themselves.

Turning to internal as distinct from external financial policy, “Citizen” contends that the cheap credit policy of the past few years, which the external policy has made possible, is dictated by the Government and not by the City, and quotes Mr. Chamberlain’s claim to this effect made in the House on December 22, 1934. This is hardly convincing, for, as surely he must know, Mr. Chamberlain, being a politician, would do no less. However, having set out to prove the City “subservient” to the Government—no easy task—the writer is forced to use such material as can, by a stretch of the imagination, be said to support his case. One would have thought, however, that even he would have boggled at quoting Mr. Montagu Norman’s insolent statement at the Mansion House dinner in 1934, as showing “a new spirit”—“I assure Ministers that if they will make known to us through the appropriate channels what it is they wish us to do in the furtherance of their policies, they will at all times find us willing with goodwill and loyalty to do what they direct as though we were under legal compulsion.”

“Mr. Montagu Norman,” says “Citizen,” “is as loyal and disinterested a public servant as this country has ever had.” Even if we accept his contention that the Government has controlled financial policy since 1931, this encomium is hard to swallow. What of financial policy for the years 1919 to 1931, which swelled bankruptcies and suicides to record figures, reduced millions to beggary, wrecked industry, scrapped millions of tons of shipping and depleted our defences, so that today we are having to rebuild, at great cost, that which the financial locusts have eaten?

Mr. “Citizen” heads the second half of his book “The Case Against the City.” It is the usual Socialist case, even to references to Bank dividends as excessive. He is obsessed apparently with the cost of bank and insurance services. On the latter he quotes with approval Sir Arnold Wilson’s recently published study of industrial assurance, not, however, to illustrate the manner in which the insurance companies are able to batten on the people, as a result of the purely artificial and entirely unnecessary insecurity maintained through the present financial system, but only as showing that the people are charged too much to insure against it.

“Citizen” is all for “rationalisation” of both banking and insurance under State control. The system itself is unquestioned, the measures taken to centralise control still further are approved as in line with the Socialist programme and only needing extensions and minor amendments, under full State control, of course, to make them completely acceptable.

This book is of value only as a warning of the extent to which the plans for a fully centralised financial dictatorship have progressed since 1931. All that is now needed to complete the structure is the legal sanction of nationalisation.

“Citizen,” with more optimism than intelligent foresight, apparently believes this consummation will be achieved

by a Socialist government. He should take warning from Mr. Baldwin's—"We are all Socialists now." Should these plans succeed, the Socialists, like the Austrian Nazis, are likely to find they have been used to make jobs for plansters other than themselves, with whom the best of them will find they have little in common, save a belief that they know better than people themselves how the people should live.

M. W.

A Question of Priority

"Douglas Social Credit for Canada." By W. A. Tutte (Social Credit Publishing Co., of Vancouver, B.C.).

THIS book, published in Canada in 1934, constitutes a comprehensive and exhaustive enquiry into the Dominion's economic and financial systems. The author, in recommending the financial proposals of Major Douglas, has taken great pains to examine these proposals from every angle of thought, and has dealt most ably with the numerous objections which economic orthodoxy puts forward against them. Mr. Tutte has a gift for marshalling his facts and presenting them in a telling and most readable sequence, and in this volume, which is intended as a textbook of Douglas Social Credit for Canada, he has employed this gift to its fullest extent and with considerable effect. Seldom does one find a work dealing with the technicalities of a highly specialised science and particularly with the science of economics, which is so entirely fit for recommendation, and I venture to suggest that the book should be read by every enquirer into the mumbo-jumbo which makes up present economic orthodoxy

The author has aimed at making it a book with a mission, but I confess I was not satisfied after reading it as to what exactly its mission was to be. Did Mr. Tutte wish to spread a knowledge and understanding of the defects evidenced in the financial system and their proposed remedy among Canadians generally, with the object of engendering a nation-wide desire, perhaps focused in a new political party, for the establishment of the Social Credit financial proposals? Or did he wish his work to become the handbook of Canadian economists, realising that it could be read properly only by those making a detailed study of economic and financial affairs and by those in positions of responsibility—the experts—whose duty it is to administer to the needs of the economic machine? If the latter, I hope and believe that it will in large measure be fulfilled. If the former, it is doomed to failure.

Let me state the case at once. This book is a clear and readable examination of the economic and financial systems of Canada. The defects of these systems are traced and their causes logically set down. It is also an examination and recommendation of the Social Credit financial proposals to deal with these defects and to establish economic democracy. It is not, however, an examination of Social Credit in its absolute interpretation.

"Douglas Social Credit is not a scheme of political or economic reform," says Mr Tutte; "it is a mechanism." But Social Credit is much more than a mechanism for rectifying a faulty financial system, and it is not, essentially, a monetary reform scheme to be considered in common with the schemes designed by Eisler, Soddy, Gesell or any of the other reform advocates who have set out to cure our economic measles by treating the spots—yes, the *spots*; for, although the sane use of money is fundamental to our recovery, the sanction for employing the sane use of money has, logically enough, a prior claim to be the focus of our endeavours. Mr. Tutte says that Douglas Social Credit "is purely an economic mechanism; an arrangement, enacted into law by Parliament, by which the community may develop that kind of a world it collectively and individually desires most."

It is of vital importance that the full significance and the full meaning of Social Credit should be clearly understood in Canadian politics at the present time, and for this reason it is most lamentable that the author of this otherwise splendid book has left his work unfinished and fallen into the belief that all that is necessary to establish Social Credit is to prepare a scheme or Parliamentary Bill embodying the Douglas financial technique, and to superimpose this upon the existing situation. The very essence of Social Credit teaching makes it plain that in its fight to win security and freedom for the people the Social Credit Movement has two very definite tasks to perform: first the creation of true legislative or political democracy, which implies that the people have established their right to control their institutions and that government shall, therefore, be in accordance with their will: secondly, through the united demand of the people in exercise of their governmental system, the establishment of economic democracy and the recognition of the rights of individuals in the national housekeeping. It is evident from the sequence of these objectives that nothing can be achieved in the economic sphere without political action to establish the authority of a united people—any other course would throw the people against the powers of government, and therefore against the sanctions of the armed forces also.

Mr. Tutte has treated his subject more particularly from the economic and financial standpoints and, apart from the

last part of his book, which consists of a draft of a suggested Act to establish Social Credit in the Dominion of Canada, he has not recommended any line of political action. We must bear in mind also that the book is intended to be a textbook on the New Economics, and in view of these circumstances and the fact that it was published in 1934, when the author could hardly have come into contact with the detailed elaboration of Social Credit principles contained in the history-building speech delivered by Major Douglas at Buxton in June of the same year, we cannot criticise the book on political grounds and we are left to lament the fact that it was impossible for Mr. Tutte to interpret Douglas in this respect, since it was not until the advent of the Buxton speech that the Social Credit Movement was launched as a decidedly political organisation to function in accordance with the now well-known policy of pressure politics for results.

Yet for the detailed analysis of the present financial order and for the careful and accurate presentation of the Douglas financial technique which it contains, the reader of this book will feel nothing but admiration. At no time does Mr. Tutte leave us doubtfully suspended above the mine of information he has gathered for us. We are led step by step through all the meandering channels of “sound” financial practice, gathering by the way an explanation of each of the many paradoxes which springs from its present ruthless application to a world which has so fast outgrown it in scientific progress.

A great deal of emphasis is laid upon the growing burdens of debt and taxation with which the Canadian people are afflicted, and it is most encouraging to find this aspect of the situation so fully and capably stressed, for it is perhaps true to say that within the last year or two only has the Social Credit Movement fully grasped the urgency of placing before the public in detail the extent to which the payment of taxation and debt charges can and do reduce the national standard of living. This channel of propaganda brings home to individuals in a definite and concrete manner the nature of the wholesale swindle which is being perpetrated upon them by the financial monopoly. It is also teaching the individual that there is one course of action which is open to him to end this swindle—that of uniting with other individuals in a demand for a common result, in the sure knowledge that no force on earth can withstand their clearly expressed will. And this brings me to the final comment I have to make.

It is about Alberta—and remember, this book was written before Mr. Aberhart’s victory in the 1935 provincial elections. Mr. Tutte denies that any single province can establish Social Credit and foresees that any legislation in this direction would promptly be disallowed. His belief may be well founded upon the existing legal terms imposed by the Canadian Bank Act and by the British North America Act, but Mr. Tutte has not accounted for the supremacy of the will of a sovereign people. Quite apart from the vast “brotherhood” of Social Credit which has sprung up throughout the Western Provinces and will assist Alberta in the enactment of her people’s demands, I would state bluntly that the struggle of Alberta as we see it today is rapidly manifesting the truth of the words of Major Douglas at Buxton in 1934: “No conventions or laws can stand up for any length of time against the will of the people, and anybody who is acquainted with the theory of international law will know what I mean when I refer to the ‘right of the eminent domain,’ which is simply that if any law or convention is operating in defiance of the will of the people it will inevitably be modified.”

M.C. B.

The Word and the Thing

“The Tyranny of Words.” By Stuart Chase (Methuen, 10s. 6d.).

THIS is the most significant book I have read since “Economic Democracy”; for it deals with “the approach to reality” in a way which clarifies what many of us have been trying to express for some time and with indifferent success, because we have not, in general, studied the tools, i. e., the words, which we have had to use.

The book may be described as an extremely lucid, and sometimes very amusing, introduction to the study of semantics, by which is meant the science of communication between human beings. One of its virtues is that it will introduce a large number of readers to the work of the pioneers in this field, notably Korzybski, Ogden and Richards, and P. W. Bridgman.

Ogden and Richards, for instance, “contribute a technical term, the ‘referent,’ by which they mean the object or situation in the real world to which the word or label refers . . . Indeed, the goal of semantics might be stated as ‘Find the referent.’” Scientists find the referent by performing a physical operation which can be repeated. If the referent is not within our experience, or is not susceptible to any “operational approach,” the word-symbol is meaningless. The minds of speaker and hearer meet only when they agree upon the same referent; if they do not, agreement is

impossible, and bitter arguments and quarrels are inevitable.

The two most common sources of confusion are the merging of words with things (pigs are lightly named, since they are such dirty animals), and the misuse of abstract words with no agreed referent at all, so that the world becomes peopled with word-spooks, like the Nation, the Law, Communism, Corporations, Business, Confidence, and so forth, which correspond to no known things in our experience.

I was relieved to find that the Great Words of the philosophers go round and round in Mr. Chase's head as they do in mine. "Nominalism rolls into Realism into Materialism and back to Romanticism, round the corner to Idealism, to stub its toe on Positivism and return again to Humanism. In brief, the boys do not seem to be making much progress" (page 167).

In the latter half of the book the author takes us on a rather merry tour of the Wordy World, in which the chapter headings speak for themselves: Promenade with the Philosophers, Turn with the Logicians (you ought to see the Laws of Logic after he has finished with them!) to the Right with the Economists, to the Left with the Economists, Swing your Partners with the Economists, Round and Round with the Judges, and Stroll with the Statesmen. Where Mr. Chase meets with a "semantic blank" he inserts the word "blab." Personally I prefer my favourite term "yurp" and I am prepared to enter into a violent argument with him as to whether Public Men really emit blab or yurp. True Britishers, I maintain, are past-masters at yurping and would never descend to blabbing. However, we will let it rest there. Certainly none of our readers will be surprised at the amount of blab that Mr. Chase comes across in his tour.

This is the place to insert a few quotations to gladden our hearts, thus: (page 68) "The confusion of the symbol 'money' with things in the real world required for survival and comfort is perhaps the central economic difficulty of modern times."

(Page 201) "Money concepts lead to ideas about 'value.' Most books on economic theory revolve around 'value' ... 'value,' apart from a price or a sum of money is a meaningless absolute. No operation can be performed to establish it." And on page 177—"A bank studied on the basis of what is going on inside without recourse to abstractions like 'credit,' 'liquidity,' 'soundness,' is a pretty whimsical thing."

There is not space or need for much criticism. The author is well aware that he falls sometimes into the errors he is castigating. I think the scientists get off too lightly, especially when he quotes their greatest word-spook "evolution" as a concept with definite meaning. It is surprising, also, to find that to Mr. Chase "unemployment" is still a bogey to be shunned by everybody. "Social Credit," too, is a "rigid programme," "in the class of logical exercises" (evidently not our referent), and (page 161) "Some day we may find an engineer or a psychologist revolutionising economic concepts." Well! well! Fancy that *now*! And on page 85 we read, "The reformer can seldom locate his referents, even if there are any to be found. I have tried to be a reformer, and I ought to know."

It is evident that, if we, as followers of an engineer who started revolutionising economic concepts some twenty years ago, have a good deal to learn from Mr. Chase, he also has something to learn from the only group of people, so far as I know, who are deliberately using the empirical method of "operational approach" in the field of social dynamics.

GEOFFREY DOBBS

"Written Answer"

Parliamentary Debates. House of Lords Official Report, Vol. 108, No. 57 (H.M. Stationery Office, 6d.),

THIS bright little volume helps to give the ignoble reader an interesting picture of a working day among the peers. It deals only with the business of May 10, and very complicated it all is, too "The period fixed by subsection (2) of section eight of the Act of 1923 for the recovery by a tenant or mortgagor . . ." Well, I put it to you, Jeeves—no place for Bertram Wooster!

But the real interest of the report is in the tail. The Earl of Tankerville asked the Government to inform the House what proportion of national and local government debt was held by the banks and insurance companies, and what was its market value. He also required to know the total amount of subscriptions by cheque money made by the Bank of England, the joint stock banks and insurance companies, to new issues of all descriptions since 1914.

Lord Templemore (for the Government): "I regret that the information is not available."

The peers, perhaps, are too young to know.

M. H.

Muddled Thinking

“Debout, Moribonds!” By H. Prédor (Editions Fustier, Paris. No price mentioned).

THIS pamphlet would be very good if it were half the size and confined itself to objectives and criticism of the existing state of affairs, omitting any reference to method. The first part contains practically no technical matter and is an excellent statement of objective and what is wrong at present. After page 30 the pamphlet gets worse as the principles become entirely obscured by a mass of irrelevancies. The author suddenly becomes “plan-mad.” Most of his suggestions for remedying the position are impracticable. His way seems to be on the usual lines of Fascist planning. It is quite clear that this is due to his failure to grasp the role the financial system really plays in bringing about the present state of affairs. As a result he mentions many quite unnecessary details of his plan and omits the vital technical adjustments. His aim is good but his methods deplorable.

H. R. P.

Alberta Bonds

Extract from a letter, sent in answer to enquiries, by the Director of Overseas Relations for the Social Credit Secretariat.

I have Major Douglas’s authority for saying that no holders of Alberta bonds of any nature, provided they are *bona fide* organisations or individuals holding bonds purchased with their own real funds, will in the long run lose anything, provided that the Douglas policy at present being pursued in Alberta is successful, and also provided that the interested parties register the amount of bonds held by them, the numbers, etc., and the date when purchased, according to the request issued by the Social Credit Board of Alberta.

In a great number of cases this registration has not been done because the financial institutions, which hold the great majority of Alberta bonds, and are not by us regarded as *bona fide* organisations according to the definition above, have done everything in their power to dissuade individual holders from registering.

It would be useful for all holders of Alberta bonds to possess a copy of “The Alberta Experiment: An Interim Survey,” by Major C. H. Douglas, published by Eyre and Spottiswoode, price 5s., which may almost be regarded as their charter to collect on these bonds when Social Credit is an accomplished fact in Alberta.

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 (and Edition, 1937)
These Present Discontents: The Labour Party and Social Credit
The Nature of Democracy ("The Buxton Speech")
The Tragedy of Human Effort ("The Liverpool Speech")
The Use of Money ("The Christchurch Speech")
Money and the Price System ("The Oslo Speech")
The Approach to Reality ("The Westminster Speech")
Social Credit Principles

By Other Writers

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

For the Citizen

When the Devil Drives. A Play by Margaret Carter
You and Parliament, by Dr. Tudor Jones
What's Wrong with the World? by G. W. L. Day
This Leads to War, by G. W. L. Day
Poverty Amidst Plenty, by the Earl of Tankerville
The Fear of Leisure, by A. R. Orage
Open Letter to a Professional Man, by Bonamy Dobrte
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 Jacres
How to Get What You Want, by G. F. Powell and G. W. L. Day
Waste; The Chosen Fast of God; Feeding Ravens; A Family Needs Money; Foreign Trade; Wasted Lives.

Homeric Laughter

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

Life and Money, by Eimar O'Duffy

Economics for Everybody, by Elies Dee

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

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

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