

Exchange and Exports

By Major C. H. Douglas

IN the welter of economic propaganda served up to us, like the powder in the jam, with our morning and evening prize-fight, murder, and motor-bandit thrills, and labelled the news, it will no doubt not have escaped the observant that a certain group of features recur and are inter-connected.

They are broadly the "necessity" for super-production in general (not of specific articles such as houses, clothes, more and better travelling facilities, but just "increased production" without any pettifogging details), the "necessity" along with this of consuming less than ever, i.e., lowering the standard of living; and the "necessity" of enormously increased exports, in order to "restore the exchange." The general bearing of the first two of these has been examined in this REVIEW (in December, 1918, and August, 1919.)

It is necessary in passing to point out a curious circumstance. In spite of the fact that, broadly speaking, nearly every action which takes place in the civilised world is either inspired by money or has some relation to money; notwithstanding the plain evidence of the senses that 75 per cent. of the business world lives for money, works for money, dreams of money, and will die and condemn millions of others to death for money, not one person in ten thousand, at a very conservative estimate, has any grasp of the real relation of money to goods and services, and still less any conception of the method by which modifications in the money system can and do divert the current of productive energy supplied by skill, science, and labour into alternative channels of enterprise, with not less certainty, and quite possibly as the result of at least equal prevision, as the manipulation of more concrete materials by the civil engineer may modify the course of a great river.

As a result of this the blatant contradictions of the financial propaganda just mentioned largely escape comment. For instance, the fact that the "adverse" exchange as between this country and America operates as a 20 per cent. *ad valorem* protective tariff in favour of all British manufactures, is surely not without its grim humour when it is remembered that the policy of super-exports does, on the whole, emanate from quarters clamouring for high import tariffs. Nor does it seem to occur to the propagandists that if every country economised there would be no markets.

But these are side issues. The important point to grasp is that the problem of exchange is a problem which is raised solely by the treatment of money as a commodity in itself, quite apart from what it represents, and that because of the immensely powerful interests behind the whole system of money broking and credit issue, an attempt is being made once more to fasten on the world at large, and this country in particular, a form of society which, in combination with an international political system forming its complement, is directly responsible for the misery and unrest in the world to-day.

It is not too much to say that the whole future of this civilisation is involved in this matter. If the super-production-for-export policy gets its way, nothing can possibly save the world from an early, final, and cataclysmic war between continents, except an equally cataclysmic class war between the controllers of production with their dupes, and the

consuming community. Under the present system of unregulated currency and credit, administered in their own interests by international groups of financiers and super-industrialists, the cost of living measured in terms of intensity of effort will rise, and the standard of life measured in terms of security, leisure, and freedom will fall until the crash comes.

So much for the ultimate result of the policy--more arguments could be adduced, but the foregoing will serve. Let us now glance at the motives behind this policy. Stripped of the mystery with which bankers and financiers surround it, exchange is really a simple enough matter. The Exchange broker regards different sorts of money as different varieties of merchandise; subject to the pure laws of barter. As a result, the "price" of the money of any specific variety, *e.g.*, English pounds sterling expressed in terms of the money of any other variety, *e.g.*, American dollars, varies directly as the dollar demand for English pounds, and inversely as the quantity of English pounds available. That is all. Now this clamour for super-exports as a means of "stabilising" exchange is based on a desire to raise the price of the English pound in the international money market for exactly the same reason that the fruit merchant wants to raise the price of plums in the fruit market--because there is more profit for him. *It is not based on a desire to increase the purchasing power of the consumer expressed in terms of American goods, because the demand that American goods shall not be allowed to enter this country comes from the same quarter.* It is fairly obvious, therefore, that we do not have to look very far for a business reason for the exchange aspect of the propaganda.

There is, of course, no strong objection even to a very limited and somewhat suspect class deriving benefit from such an operation if it is not at the expense of someone else. Let us, therefore, examine the immediate effect of the policy on the community, granting for the moment the unwarranted assumption made by the super-exporter that there is an ample market for his goods.

It must be borne in mind that we are told insistently that not only must we consume less in the aggregate, but we must on no account consume foreign goods. Now, it is not questioned that these exports must be balanced by something having an equivalent exchange value, and as this something is not to be allowed to come into the British *ultimate consumers'* market, and so lower prices, it is clear that it must take the form of raw material for manufacture for re-export. So that the whole policy can be summed up, from the ordinary citizen's point of view, as a proposition that less and less of the work of his hands and brain shall remain in the country of its origin, and that whatever is received in exchange for it, so far from raising the standard of living and leisure, and the opportunities of self-development and legitimate enjoyment, shall be merely the vehicle of ever-increasing toil and monotony in order that a comparatively small group of--in the public sense--incompetent administrators may retain control of an industrial machine they did not build and do not really understand.
