

## **The Pyramid Of Power**

By Major C. H. Douglas

AT various well-defined epochs in the history of civilisation there has occurred such a clash of apparently irreconcilable ideas as has at this time most definitely come upon us. Now, as then, from every quarter come the unmistakable signs of crumbling institutions and discredited formulæ, while the widespread nature of the general unrest, together with the immense range of pretext alleged for it, is a clear indication that a general re-arrangement is imminent.

As a result of the conditions produced by the European War the play of forces usually only visible to expert observers has become apparent to many who previously regarded none of these things. The very efforts made to conceal the existence of springs of action other than those publicly admitted, has riveted the attention of an awakened proletariat as no amount of positive propaganda would have done. A more or less conscious effort to refer the results of the working of the social and political system to the Bar of individual requirements has on the whole quite definitely resulted in a verdict for the prosecution; and there is little doubt that sentence will be pronounced and enforced.

It is widely recognized that a mangled and mis-applied Darwinism has been one of the most potent factors in the social development of the past 60 years; from the date of the publication of "The Origin of Species" the theory of the "survival of the fittest" has always been put forward as an omnibus answer to any individual hardship; and although such books as Mr. Benjamin Kidd's "Science of Power" have pretty well exposed the reasons why the individual efficient in his own interest, and consequently well fitted to survive, may and will possess characteristics which completely unfit him for positions of power in the community, we may notice that one of the most serious causes of the prevalent dissatisfaction and disquietude is the obvious survival, success and rise to positions of great power of individuals to whom the term "fittest" could only be applied in the very narrowest sense.

And in admitting the justice of the criticism, it is not, of course, necessary to question the soundness of Darwin's theory: it is simply evidence that the particular environment in which the "fittest" are admittedly surviving and succeeding, is unsatisfactory, that in consequence those best fitted for it are not representative of the ideal existent in the mind of the critic, and that environment cannot be left to the unaided law of Darwinian evolution, in view of its effect on other than material issues.

To what extent the rapid development of systematic organisation is connected with the statement of the law of biological evolution would be an interesting speculation; but; the second great factor in the changes which have been taking place during the final years of the epoch just closing is undoubtedly the marshalling of effort in conformity with well defined principles, the enunciation of which has largely proceeded from Germany, although their source may very possibly be extra-national; and while these principles have been accepted and developed in varying degree by the governing classes of all countries, the dubious honour of applying them; with rigid logic and a stern disregard of by-products, belongs without question, to the land of their birth. They may be summarised as a claim for the complete subjection of the individual to an objective which is externally imposed on him; which it is not necessary or even desirable that he should understand in full; and the forging of a social, industrial and political organisation which will concentrate control of policy while making effective revolt completely impossible and leaving its originators in possession of supreme power.

This demand to subordinate individuality to the need of some external organisation, the exaltation of the State into an authority from which there is no appeal (as if the State had a concrete existence apart from those who operate its functions), the exploitation of "public opinion" manipulated by a Press owned and controlled from the apex of power are all features of a centralising policy commended to the individual by a claim that the interest of the community is thereby advanced and its results in Germany have been nothing less than appalling; the external characteristics of a nation with a population of 65 millions have been completely altered in two generations, so that from the home of idealists typified by Schiller, Goethe, and Heine, it has become notorious for bestiality and inhumanity only offset by a slavish discipline. Its statistics of child suicide during the

years preceding the war exceeded by many hundreds per cent. those of any other country in the world, and were rising rapidly; insanity and nervous breakdown were becoming by far the gravest problem of the German medical profession; its commercial morality was devoid of all honour; and the external influence of Prussian ideals on the world has undoubtedly been to intensify the struggle for existence along lines which quite inevitably culminated in the greatest war of all history.

The comparative rapidity with which the processes matured was no doubt aided by an essential servility characteristic of the Teutonic race, and the attempt to embody these principles in Anglo-Saxon communities has not proceeded either so fast or so far; but every indication points to the imminence of a determined effort to transfer and adopt the policy of central, or, more correctly, pyramid, control from the nation it has ruined to others, so far, more fortunate. In the sphere of politics in this country it is clear that all settled principle, other than the consolidation of power, has been abandoned and a mere expediency has taken its place. The attitude of statesmen and officials to the people in whose interests they are supposed to hold office is one of scarcely veiled antagonism only tempered by the fear of unpleasant consequences. In the State services this prevalence of intrigue, the easy supremacy of patronage over merit, and of vested interest over either, has kindled widespread resentment; levelled not less at the inevitable result than at the personal injustice involved.

As a result of the pursuit of this policy, in its relations with labour the State is hardly more happy. The interim report of the Commission on Industrial Unrest contains the following significant statement:--

“There is no doubt that one cause of labour unrest is that workmen have come to regard the promises and pledges of Parliament and Government Departments with suspicion and distrust.”

In industry the perennial struggle between the forces of Capital and Labour on questions of wages and hours of work are daily becoming more complicated by the introduction of issues such as status and discipline, all of which are expressions of dissatisfaction with a system rather than with incidents, and it is universally recognised that the periodic strikes which convulse one trade after another have common roots far deeper than the immediate matter of contention. In the very ranks of Trade Unionism, whose organisation has

become centralised in opposition to concentrated capital, cleavage is evident in the acrimonious squabbles between the skilled and the unskilled, the rank and file and the trade union official.

It will hardly be questioned that the struggle centres in economic power, and that the concentration of the control of capital is an outstanding feature of it. It will be necessary to examine in somewhat greater detail the effect of this concentration which is proceeding with ever-increasing rapidity, but it may be emphasised at this point that one of its effects is its contribution to the illusion of the fiercely competitive nature of international trade. Mr. J. A. Hobson in his "Democracy after the War" points out this effect in the following words:--

"Where, the product of industry and commerce is so divided that wages are low, while profits, interest, and rents are relatively high, the small purchasing power of the masses sets a limit on the whole market for most staple commodities. The staple manufacturers, therefore, working with modern mechanical methods, that continually increase the pace of output, are in every country compelled to look more and more to export trade, and to hustle and compete for markets in the backward countries of the world. . . . Just as the home market was restricted by a distribution of wealth which left the mass of people with inadequate power to purchase and consume, while the minority who had the purchasing power either wanted to use it in other ways, or to save it and apply it to an increased production which still further congested the home markets, so likewise with the world markets. . . . Closely linked with this practical limitation of the expansion of markets for goods is the limitation of profitable fields of investment. The limitation of home markets implies a corresponding limitation in the investment of fresh capital in the trades supplying these markets."

The effect of this artificial incentive to compete for markets, immensely reinforced by the economic effect of the use of machinery in decreasing the percentage of the manufacturing cost of commodities distributed in wages and salaries, has been still further to concentrate power in the hands of the minority by the intensification of the struggle for employment; the pre-war estimate of one-third of the population of Great Britain continually lacking a sufficiency of the bare necessities of existence was paralleled by a constant rise in the cost of living tending to increase this number and a steady expansion in the variety of luxury trades catering for a very small minority.

We are at the moment only concerned with these facts to the extent that they support the suggestion that centralisation is essentially a device for focussing the result of whatever subject-matter is dealt with by it, at the apex of the pyramid, and cannot therefore be successful as a political

and social structure designed to distribute these results. They have, however, a very practical bearing on the immediate situation, since all experience of centralised organisation indicates that, while strong against external attack, it is most vulnerable to disruption from within.

Now it may be emphasised that a centralised or pyramid form of control may be, and is in certain conditions, the ideal organisation for the attainment of one specific and material end. The only effective force by which any objective can be attained is in the last analysis the human will, and if an organisation of this character can keep the will of all its component members focussed on the objective to be attained the collective power available is clearly greater than can be provided by any other form of administration, and for this reason the advantage accruing from the use of it for the attainment of one concrete objective, such as, let us say, the coherent design of a national railway or electric supply system (just so long as these objects are protected from use as instruments of personal and economic power) is quite incontrovertible; but every particle of available evidence goes to show that it is totally unsuitable as a system of administration for the purposes of governing the conditions under which whole peoples live their lives, and that it is in opposition to every real interest of the individual when so used.

The necessity for a clear recognition of the differences between the application of the principle to the attainment of a single objective and its fundamental unsuitability in dealing with complex issues is quite vital, and an analogy from the experience of the war may emphasise the distinction. During the early days of the struggle large numbers of men sacrificed position as well as comfort and safety by enlisting in the ranks of the various Services, well content if thereby the defeat of Germany might be achieved. The military organism is essentially and necessarily pyramidal in form, and as a result the "standardized" environment, in spite of the best of goodwill, has undoubtedly been a serious hardship to many, and has only been borne in view of the nature of the situation. It is quite certain that the difficulties resulting from this factor have grown with the length of the War and the consequence of the characteristics of the system; and that any attempt to crystallise the position, subsequent to peace, on the basis of war rank or even achievement, would be violently resented and eventually upset. While,

therefore, every advance towards the single command has been a military gain *per se*, it would be absurd to suggest that it has indicated an avenue to social reform.

Notwithstanding the centripetal tendency indicated, there exists an entirely opposite movement which may eventually reverse the situation in so far as the control of initiative is concerned. The comparative fighting strength of these two influences is, at the moment, impossible to estimate, but it is significant that all the most modern tendencies in education seem to accentuate their essential antagonism, and it is reasonable to expect that the wider range of education will provide the deciding factor in the struggle. It is proposed to examine various aspects of decentralisation in a subsequent article, but for the moment it is sufficient to point out that we are faced with an apparent dilemma, an extra-national minority policy of centralised control, both in politics and industry, backed by strong arguments as to the increased efficiency and consequent economic necessity of organisation of this character (and these arguments receive support from quarters as widely separated as, say, Lord Milner and Mr. Sidney Webb), and, on the other hand, a deepening distrust of such measures bred by personal experience and observation of their effect on the individual. A powerful minority of the community, determined to maintain its position relative to the majority, assures the world that there is no alternative between a pyramid of power based on passive acceptance of an imposed social, industrial, and intellectual policy, and some form of famine and disaster, while a growing and ever more dissatisfied majority strives to throw off the hypnotic influence of training and to grapple with the fallacy which it feels must exist somewhere.

Now let it be said at once that not only is there no evasion of this dilemma possible by the introduction of questions of personality, but that the effect of a single organisation of this character applied to the complex purpose of civilisation produces a definite type of individual, of which the Prussian is one instance. Pyramidal organisation is a structure designed to concentrate power, and success in such an organisation sooner or later becomes a question of the subordination of all other considerations to its attainment and retention. For this reason the very qualities which make for personal success in central control are those which make it most unlikely that success and the attainment of a position of authority will result in any strong effort to change the opera-

tions of the organisation in any external interest, and the progress to power of an individual under such conditions must result either in a complete acceptance of the situation as he finds it, or a conscious or unconscious sycophancy quite deadly to the preservation of any originality of thought and action. While, therefore, high character and disinterested conduct may and do exist in such an environment, they will not, on the whole, conduce to the attainment of positions of administrative authority. It cannot be too heavily stressed at this time that similar forms of organization, no matter how dissimilar their name, and whether as apparently opposed to each other as, let us say, the National Union of Railwaymen and the Railway Executive Committee, favour the emergence of like characteristics, quite irrespective of the principles underlying the design of the structure, and not to its name or the personalities originally operating it, that we may look for information on its eventual performance. For instance, it is instructive in this connection to notice the changes which have taken place in industrial conditions (of which politics are becoming a reflection) subsequent to the industrial revolution of the late eighteenth and early nineteenth centuries. Prior to this time the workman, his tools, and his policy were to a large extent united in one and the same person; industrial initiative was decentralized, and industrial problems were not serious. With the advent of machinery came the intervention of the financier into industry, willing to provide the able craftsman with means to extend the exercise of his skill on payment for his services. The development from this stage, through the small workshop run on borrowed money by the enterprising man who both worked himself and directed the work of others; through the larger factory in which the function of the craftsman ceased to be exercised by the employer, who retained only the direction and management; to the large limited liability company or trust, in which the craftsman, the management, and the direction of policy became still further separated, has been logical and rapid, and this development carries with it changes of a fundamental character.

As has already been pointed out, behind all effort lies the active or passive acquiescence of the human will, which can only be obtained by the provision of an objective; and the separation of large classes into mere agents of a function has made it possible to obtain the more or less complete

co-operation of large numbers of individuals in aims of which they were completely ignorant and of which, had they been able to appreciate them in their entirety, they would have completely disapproved; and here the essential similarity of the Prussian political system becomes evident. The power which wealth has given over education and its interaction with ecclesiasticism have combined to roster the idea that so long as the orders of a superior were obeyed, no responsibility, rested on the individual. It is not, of course, suggested that commercial policy has been deliberately and uniformly dictated by unworthy motives—far from it; nor is it unlikely that, had the processes of production and distribution been separated from any control over individual activity along other lines, its development might have been in the best interests of the economic system; but since it has been accompanied by a growing subjection of the individual as a complete entity to the machine of industrialism, it is unquestionable that the centralisation of power and policy and alleged responsibility in the brains of a few men whose deliberations are not open to discussion; whose interests, largely financial, are quite clearly in many respects opposed to the interests of the individuals they control and whose critics can be victimised, is without a single redeeming feature; and is rendered inherently vicious by the conditions which operate during the selective process. When it is further considered that these positions of power fall to men whose very habit of mind, however kindly and broad in view it may be and often is in other directions, quite inevitably forces them to consider the individual as mere material for a policy--cannon fodder, whether of politics or industry--the gravity of the issue should be apparent.

In addition, however, to these general considerations there are a number of specific phenomena which seem to be definite by-products of centralisation of policy considered as an embodiment of the will-to-power. While the concentration of effort on the methods of industry has resulted in an enormous advance in the application of machinery to work which previously had to be performed by hand, it is realised that the financial and economic system is so arranged that labour-saving machinery has only enabled the worker to do more work; that any reduction in hours is bought by increased strenuousness, and that the ever-increasing rate of production, paralleled by the rising price of the necessities of life (clearly attributable to the control of production in



the interests of the capitalist rather than the consumer\*), is a sieve by which are eliminated all ideas, scruples, and principles which would hamper the individual in the scramble for an increasingly precarious existence.

If the preceding survey of some of the more salient facts of the general economic and social situation as it exists at present has been to any extent successful in indicating a general principle, it will be evident that the real antagonism which is at the root of the universal upheaval with which we are faced is one which appears under different forms in every aspect of human life. It is the age-long struggle between freedom and authority, between external compulsion and internal initiative, in which all the command of resource, information, religious dogma, educational system, political opportunity, and even apparently economic necessity, is at the disposal of the will-to-power, and only history offers grounds for the expectation of any measure of success on the side of freedom. This antagonism does, however, appear at the present time to have reached a stage in which a definite victory for one side or the other is inevitable. It seems perfectly certain that either a pyramidal organisation, having at its apex supreme power and at its base virtual subjection (however disguised by Garden Cities and Ministries of Health), will crystallise out of the centralising process which is evident in the inter-related realms of finance, industry, and politics; or else a more complete decentralisation of initiative than this civilisation has ever known will be substituted for external authority.

The issue transcends in importance all others; the development of the human race will be radically different as it is decided one way or another; but as far as it is possible to judge, the general advantage of the individual will lie with the extension of centralisation in the provision of material facilities, combined with the evolution of the progressively decentralised power of decision in respect of their employment.

The implication of this is a challenge, which will become more definite as time goes on, to all external authority as to its right to adjudicate on the absolute value of various forms of activity. Already this claim is appearing in the demand for the "right to work" and the establishment of a minimum wage. The practical difficulty of estimating the relation

\*See "The Delusion of Super-Production" in ENGLISH REVIEW for December.

between material reward and individual effort is becoming in any case increasingly complex and lends additional probability to early action along these lines. It is quite clearly recognised by the capitalist that the admission of such a principle is a serious threat to his power, and considerable effort will probably be devoted to making such payments conditional on some definition of good behaviour, but the independence of action which will result will in itself be a very probable source of further development.

Before proceeding to a consideration of the forms in which a definite change of principle seems to be manifesting itself, it is desirable to recognise certain non-material factors in the situation. The distinctive feature of the mentality of Germany was its paganism joined to animalism. Such phrases as "Nature, red in tooth and claw," "War is a biological necessity," "The law of the jungle," are typical of the mind nurtured on the will-to-power; not confined to Prussia but certainly most truly at home there. This mentality, when religious--and it is frequently fanatically religious--is quite invariably pagan, in the sense of the veneration of a tribal God of Battles--a variety of glorified Moltke-Bismarck--of definitely personal type. On the other hand, one of the most marked features of the real revolt against autocracy is a strong vein of mysticism with its accompanying intuition together with a determined assertion of the essentially human nature of all social problems. It is quite impossible to overrate the importance of this factor as a measure of the energy behind the various revolutionary movements and in estimating the probable outcome of the struggle, too much attention cannot be paid to the assessment of psychological characteristics in their alignment with modern thought.

## **The Pyramid of Power**

### II

By Major C. H. Douglas

IN the preceding article an attempt was made to show that the distinctive feature of the pre-war social structure was its tendency to the pyramid form in every phase of its activity; that this organisation carries with it a definite environment which develops the will-to-power; that the result of the war, with its opportunities for the concentration of power had been to increase the probability of a determined attempt to consolidate the position, and so win a final victory for the principle of domination, benevolent or otherwise; and that the permanent weapon in the hands of the exponents of the will-to-power was the economic ability to cut off the supply of the necessaries of life. Further, it was suggested that the design of the structure favoured the acquisition of authority by individuals unfitted both by temperament and training to exercise general authority other than in a specific interest, and as a consequence a strong decentralising influence was a growing factor in the world-wide situation.

Now, strong and embittered differences of opinion resulting in some sort of conflict are nothing new in the history of civilisation; they recur with dreary monotony. The relative merits of a York or a Lancaster, a Stuart or a Cromwell, a King George or a President Washington, have riven countries from top to bottom without resulting in an emergence of anything very new in outlook or environment. Such differences as were observable in the general conditions of life as between, say, Republican countries and Constitutional Monarchist England before the war, were, on the whole, on such differences as are inevitable as between peoples of varying temperament; the general outlook on life was competitive, and the economic structure was consequently pyramidal both internally as between individuals and externally as between nationalities. For this reason no practical difficulty was or is involved in the dealings between such

governments other than those inherent in the system—the outlook was a common outlook and its code was not initially dissimilar from the Law of the Jungle.

But there is a definitely novel component in the present upheaval; apart from the magnitude of the front involved, the cleavage is in the main horizontal and the issue is impersonal. It is not a question of the substitution of Jones by Brown as chairman of the firm (a process which both Brown and Jones understand and of which in principle they approve, having “arrived” by that method), but of a liquidation and reconstruction in such a form that, under the new conditions, it is of much less consequence either to themselves or neighbours what position they occupy—a proposition which rouses fundamental antagonisms.

The stratification inherent in a society organised on a power basis places a definite limit on the possibility of rewarding any quality whatever which does not aim at power; and it is, of course, obvious that positions of real power become fewer as the unification proceeds—that is to say, the power becomes focused at the apex of the pyramid. In consequence it becomes supremely important to the maintenance of the system that its upper strata should be largely composed of persons temperamentally sympathetic to the will-to-power; a selection process based on the possession of this temperament becomes progressively more important as the pyramid increases in size; and for this reason there is nothing in better general conditions to compensate our friends Brown and Jones for any change which reduces the opportunity of exercising and enhancing the will-to-power.

The demand for decentralization, which is the only threat to the achievement to the perfect servile world so accurately portrayed by Mr. Kipling in his story, *As Easy as A.B.C.*—a world in which any discussion likely to interfere with Traffic *and all that it implies* would be swiftly and effectively closed with the aid of a Reconstructed Air Fleet armed with really effective weapons; under the orders of a Central Board with the interests of Traffic-and-all-that-it-implies thoroughly at heart—has three roots: religious, economic, and political—all, of course, to some extent interconnected.

While the first is very possibly the most important because the most noumenal, it is only necessary for our purpose to indicate it as a conscious repudiation of priestcraft in any shape whatever. This feature is universal in all the widely varying forms taken by the attempts to embody a practical

decentralised Constitution--the Russian suffrage is withheld from priests, lunatics, and non-producers only, and the first effect of the revolution in Germany was to bring the Socialist proletariat into violent collision with the Roman Catholic Centre Party. There is an immediate reaction from this cause on education, and for practical purposes in this connection religion and education may quite fairly be bracketed together.

The industrial aspect is complicated and at the same time, fluid in the extreme. In this country the Trades Union official, whose organisation is generally moulded on that of Capital, is generally a Collective Socialist or simply a Progressive Reformer, and is apt to be a potential bureaucrat; while the shop steward of the Rank and File movement is either a Syndicalist or an advocate of National Guilds, which may be fairly considered as representing the British attempt at decentralising industry. Since all these various movements agree in attacking Capitalism, and it is at the moment almost the only point on which they do agree, it is fair to assume that Capitalism is in some danger.

Now, that from the employment and misuse of the Capitalistic system as an instrument of the will-to-power, proceed most of the economic and political evils from which we suffer is certain; but in attacking it the Collective Socialist, at any rate, has completely missed the point that it is the concentrative tendency and not the private ownership as such which is the inherent danger, against which his universal panacea of nationalisation provides in itself no safeguard whatever.

Prussianism, with its theories of the supreme state and the unimportance of the individual, is the absolute negation of private ownership and initiative, either in industry or elsewhere, which has in any case for practical purposes largely succumbed to the Trust. In these matters it is again of paramount importance to consider principles and not labels, and the suspicious eagerness with which the reactionaries in every country are ready to support a Kerensky or an Erzberger if they cannot have a Romanoff or a Hohenzollern should make us very careful in ensuring that after fighting the greatest war of all history to make the world safe for democracy, we do not tip out the baby with the bath-water and make democracy still more unsafe for the individual than it is at present.

The situation is indicated with somewhat naive accuracy

By the *Morning Post* in its issue of November 30th, 1918, page 3, as follows:--

“This . . . control of the Trade Unions and branches ought to be countered by equally active and persistent groups of patriots within the Labour movement.

“But in order to do this, we have to get rid of the very common fallacy that democratic bodies are subject to majority rule. You can make the constitution as democratic as you please, but you cannot prevent *government by the few*. *This is human nature*” (Morning Post’s italics).

It will not have escaped notice that the whole policy of the economic structure of industry on the basis of the Whitley Report (which is, of course, a priori, capitalistic), is the creation of a pyramidal Labour organization in every industry to which the principle is so well expressed by the *Morning Post*’s Correspondent can be applied. This Report has had a mixed reception, and it is interesting to note that the greatest opposition has come from the Shop Steward movement, developed as an answer to the defects of older Trades Unionism; and the apprehension with which this effort at decentralisation is regarded by the reactionary capitalist is based far more on a recognition of the difficulties such a scheme of organisation offers to successful corruption and capture than to any regard for the specific items in the policy it may for the moment represent, most of which have been previously parried with ease when presented through delegated Trades Union leaders whose positions of authority have been perforce achieved by exactly the methods best understood by those with whom they have to deal.

As the Shop Steward movement is the most definite industrial recognition from the Labour side of the necessity for decentralisation, some examination of the general scheme is of interest. The actual details of the organisation vary from place to place, trade to trade, and even day to day; but the essence of the idea consists in the adoption of a decentralised unit of production such as the “shop” or Department, and the substitution of actual workers in considerable numbers for the paid Trades Union Official as the nucleoli of both industrial and political power (although the political power is not exercised through Parliamentary channels).

The shop steward is generally “Industrial” rather than “Craft” in interest; that is to say, he represents a body of men who produce an article rather than a section who perform one class of operation for widely different ends; but there is nothing inherently antagonistic as between the two conceptions

of function. He is quite limited in his sphere of action, but initiates general discussion of the basis of first-hand information and forms a link between the decentralised industrial unit and other units which may be concerned. The practical effect of the arrangement is that the spokesmen are never out of touch with those for whom they speak, since the normal occupation and remuneration of representatives is similar to that of those they represent; and should any cleavage occur a change of representative can be easily secured. The official concerned has no executive authority whatever, nor can he take any action not supported by his co-workers, i.e., the direction of policy is from the bottom upwards instead of the top downwards. The individual shop stewards are banded together in a shop stewards' committee, which has again only just so much authority as the individual workers care to delegate to it.

It is, of course, obvious that the permanent success of any arrangement of this character depends on a common recognition amongst the individuals affected by the organisation of certain principles as "confirming standards of reference." In other words, it would be impossible to administer a complicated manufacturing concern on any such principles unless the general body of employees had a general appreciation of the fundamental necessities of the business inclusive of direction and technical design.

There is no doubt whatever that the idea provides possibility of self-government without external pressure to almost unlimited extent, and its similarity in principle to the Workmen's Councils, now appearing as a new feature in the political aspect, is obvious and rests on an appreciation of this point of view.

Since it is becoming increasingly evident that economics and politics are only two aspects of the same problem, success of the Shop Stewards movement will undoubtedly result in some form of greatly decentralised political administration along parallel lines. It is more difficult in these matters to separate the results of reactionary opposition and attack (to which all experiments dangerous to vested interests are subject) from results due to the actual conditions produced by them, and since it is quite unquestionable that every resource of autocracy, Trust-capitalism (as distinct from the individuals who happen to be capitalists), and, by no means least, international priest-craft, is concentrated in implacable opposition to the fundamental principle of decentralization

whether applied to initiative or opinion, the exact practical effect of particular efforts to embody such a theory is hidden for the moment by the fog of war.

It has been necessary to examine these movements without prejudice, because the senseless and dangerous misrepresentation to which they are subject must, quite inevitably have the most unfortunate results. In all of them there is a definite principle at work, and the policy referred to can only have the effect of embittering the inevitable struggle; it will certainly not make a principle either more or less sound.

One of the most deplorable effects of disingenuous propaganda is the quite undue stress which the movements against which it is directed tend to lay upon the moral claims of manual—a situation which is a direct result of the attempt to mobilise intellectual forces against devolution of power. At this time there are two facts which are absolutely vital to any understanding of the world situation—the first, that the centre of gravity is in the relation of economics to psychology; and the second, that the economic system as it exists at present has failed to assimilate machinery. Let us take the second point first.

When it is considered that the real purchasing value of the work of one man for one hour (the man-hour expressed in terms of food, clothing, and housing) is not one-fifth of what it was in the fourteenth century, while the productive capacity of the man-hour-machine probably now exceeds, on the average, one hundred times the capacity of the simple man-hour, it must surely be obvious that there is something very wrong somewhere. It has already been pointed out in the *Delusion of Super-Production* that production, *per se*, is not at fault; that misdirected effort and faulty distribution have far more to answer for, and that faulty distribution is inherent in our industrial and financial system as it stands, and will not be cured by increased industrial production under the wage system as we know it.

The difficulty has its root in a fundamentally wrong conception of industry which, based on a flagrant defiance of the principles of the conservation of energy accepted in practically every other sphere of knowledge as axiomatic, is reflected in finance. Finance states that “production” is the object of existence, and effort expended thus is profit *per se*; the physics and mechanics of industry prove quite simply that production is a charge against existence—a necessary charge—but one to be reduced by increased efficiency to the



narrowest limits. (This argument has nothing whatever to do with the alleged moral effect of industry.)

To realise this divorce between the facts of industrial process and the fiction of industrial accounting, consider a simple case such as the conversion of a bar of steel into let us say, a screwed bolt. The steel bar enters the factory at a price we may call "A"; wages to the value of "B" are expended on it, and a proportion of the general factory and administration charges, which we may call "C," are allocated against it.

Its "factory cost" thus becomes  $A + B + C$ . A sum "D" is expended in selling it, and a profit "E" has to be made on the process, its price thus becoming  $A + B + C + D + E$ . Now consider this process simply as a bill of quantities. We begin with "A"; a certain amount of "A" is deteriorated into shavings. The labour expended under "B" represents food eaten, clothes worn, houses built. "C" represents more human effort, electric or other power used (coal burnt), lubricant used, tools worn, and other indirect charges, while "D" and "E" represent more effort in units of a varying standard of value. The only thing actually left is "A" minus its shavings; and the actual measurable units of energy, very empirically indicated by "B," "C," "D" and "E," have been dissipated into forms in which they are not available for human use, and are the *cost to the community* of the transformation of "A" into a bolt, and, therefore, should be expressed as  $- B - C - D - E$ . The value depends entirely on the bolt's use, and is almost purely psychological.

If it be contended that the bolt can be exchanged for a loaf of bread, the answer is that such an exchange will not affect the units of energy required to make bread unless the bolt is used to increase the efficiency of bread-making.

The financial process just discussed, therefore, clearly attaches a concrete money value to an abstract quality not proven, and as this money value must be represented somewhere by currency in the broadest sense, it forms a continuous and increasing diluent to the purchasing value of effort.

Now, it has already been emphasised that at the moment economic questions are of paramount importance, because the economic system is the great weapon of the will-to-power. It will be obvious that if the economic problem could be reduced to a position of minor importance—in other words, if the productive power of machinery could be made effective in reducing to a very small fraction of the total man-hours

available man-hours required for adapting the world's natural resources to the highest requirements of humanity—the deflation of the problem, would, to a very considerable extent, be accomplished. The technical means are to our hands; the good-will is by no means lacking; and the opportunity is now with us. But it should be clearly recognised that mere reduction in the hours of work will not of itself provide the remedy if the machinery of remuneration is not modified profoundly.

The other aspect of the problem, the overwhelming importance, at the moment, of the reaction of economics on psychology, is due to the attempt to fit economics into a system which can only make the individual the complete slave of environment.

If any genuine attempt is made to extract a useful lesson from the history of human development, the conclusion is irresistible that the process is one long and, on the whole, continuously successful struggle to subdue environment, to the end that individuality may have the utmost freedom. Now, by the operation, misunderstanding, and misuse of our financial and industrial system in its application to economics, we have created an economic position which is such a formidable threat to the material existence of the individual that he is obliged to subordinate every consideration to an effort to cope with it. Partly by education and partly by what may be called instinct, it is increasingly understood that misdirected effort and unsound distributing arrangements, while operating to minister to the will-to-power, are entirely responsible for the position in which we find ourselves.

The practical issue at this time, therefore, is not at all whether this condition is to continue—it is simply one regarding the number of experiments, all very probably involving great general discomfort, which we are to endure until the inevitable rearrangement in alignment with the purpose of evolution is satisfactorily accomplished. And the suppression and perversion of the facts, on which alone sound constructive effort can be based, can have but one result—to increase the number of these experiments and the discomfort of the process.