

A MATTER
OF LIFE
OR DEBT

Eric de Maré

INSPIRING SOLUTION TO THE
SOCIAL AND ECONOMIC CRISIS

Eric de Maré

**A Matter of
LIFE or DEBT**

INSPIRING SOLUTION TO THE SOCIAL AND ECONOMIC CRISIS

*'Tis well an old age is out
And time to begin a new.
— Dryden*

Copyright © Eric de Mare
All rights reserved.

First Printing January 1983 (private)
Second Printing February 1984 (private)
Third Printing April 1986 (Veritas, Australia)
Fourth Printing September 1991 (this edition)

Published by Humane World Community, Inc.
3705 Centralia Alpha Road
Onalaska, Washington 98570 U.S.A.
ISBN 0-9619877-0-7

Printed by Gorham Printing,
Rochester, Washington, U.S.A.

FAIR USE CLAIMED
FOR EDUCATIONAL PURPOSES
ONLY

Dedicated to all individuals who desire to live in
Freedom, Abundance, and Leisure without **DEBT**.

We have the technology to feed, house, and clothe all people on planet Earth.
The only obstacle in its way is the bankers' monopolized interest-bearing
bank money, generally referred to as Bank Credit.

Humane World Community, Inc.

OTHER TITLES BY ERIC DE MARÉ

Photography (a Penguin handbook) *Photography and Architecture*

The Canals of England

The Bridges of Britain

Time on the Thames

The London Dore Saw

Scandinavia

Swedish Cross-Cut: The Story of the Göta Canal

The Functional Tradition in Early Industrial Buildings (with Sir James Richards)

London 1851: The Year of the Great Exhibition (Folio Society)

Wren's London (Folio Society)

London's River: The Story of a City (runner-up for the Carnegie Award)

The Victorian Wood-Block Illustrators (received the Yorkshire Post's award for the finest book on art of 1980)

Contents

CHAPTER	PAGE
1. Machines, Morals and Money	1
2. Inheritance from Flints to Chips	11
3. Work and Leisure	23
4. What is Civilisation?	41
5. Money in the Past	53
6. The Cancer of Debt	64
7. Is There a Conspiracy?	82
8. The Only Remedy	92
9. Some Questions Answered	99
Appendix on National Debts	112
Bibliography	115
Index	116

Chapter 1

MACHINES, MORALS AND MONEY

There is no doubt that if the human race is to have their dearest wish and be free from the dread of mass destruction they could have, as an alternative, what many of them might prefer, namely, the swiftest expansion of material well-being that has ever been within their reach or even within their dreams. By material well-being I mean not only abundance but a degree of leisure for the masses such as has never before been possible in our mortal struggle for life. The majestic possibilities ought to gleam and be made to gleam before the eyes of the toilers in every land and ought to inspire the actions of all who bear responsibility for their guidance. We and all nations stand at this hour in human history before the portals of supreme catastrophe and of measureless reward. My faith is that, in God's mercy, we shall choose aright.

— Sir Winston Churchill at the opening of Parliament, 3 November 1953

We live in a world of technical brilliance and cultural barbarity, a world where needs go unsatisfied while resources lie unconsumed and where nuclear threat equals the destructive force of five tons of TNT for every human being on earth.

And now the chips are down. If the holocaust does not arrive before the century is out, only a tenth of the present working population may soon be required to provide every want. How will the millions who are no longer needed in production then be paid? What will they do with their lives when the wage and salary incentive has gone? How can we attain a benign culture appropriate to this age of high technology? Clearly the problems are not physical for we have no difficulty in producing wealth; they are psychological, they are philosophical and, in the end, they are purely financial — a matter of wealth distribution.

This examination tries to discover how we have reached our dire condition. It finally proposes a remedy in the conviction that neither Left nor Right can offer us hope and that a third factor exists as an idea which, if applied, could resolve not only international conflict but all those discontents that everywhere deprive and endanger the individual. It is not a panacea; it is a release.

A serene civilisation could now emerge like a butterfly from

a dun cocoon, but if that is to occur two interlocked misconceptions on which all economies are now based must be abandoned: first, that Full Employment for everyone forever is a desirable, even possible, objective in an age of accelerating automation; secondly, that money is not, as it should be, a convenient symbol of wealth but is in itself a commodity whose purchasing power must always be kept in short supply, however much real wealth may be available.

It is commonly believed that Capitalism and Communism are conflicting opposites, the one standing for free enterprise and the other for state ownership. The truth is different; they are merely opposite faces of the same coin, for both support the Work Ethic and both are controlled by the Money Power. Under the prevailing monetary system, none of us lives in a true — that is, an economic — democracy. We live under an oligarchy that is all-powerful, unelected, responsible to no one, dominates and restricts every individual, every industry and every government in the world. Such is the power conferred by the monopoly of credit. Yet, because it is hidden, entrenched, and based on false values which are universally accepted without question, that power goes unchallenged.

Recent events in Poland are revealing. In 1980 the Polish workers in the Solidarity movement defied the government by striking for more freedom and better living, but the Polish leaders remained hypnotised by the money mystique. The country was in debt to Western bankers to the tune of £25 billion on which interest charges amounted to £2,500 million a year and demands for repayment of principal to more than £5 billion (see *Daily Telegraph*, 20 Aug. 1980). So the Poles have had to accept a low standard of living under martial rule. How can those debts ever be repaid - except by further borrowing from the international money-lenders together with the mortgaging of Polish production? Poland cannot satisfy both bankers and her own deprived citizens. Why has it never occurred to their leaders that their debts are mere abstractions and that with paper, ink and typewriters they could create their own interest-free and debt-free credits based on the real wealth the country is quite capable of producing on its own?

In 1982 Mexico, one of the world's major oil producers, had nearly three times Poland's foreign debt, while Brazil had over double and Argentina over one-and-a-half times - 200 billion dollars in all. (See *The Guardian*, 14 Aug. 1982.) What validity have such debts? Every nation is deep in debt both at home and abroad. Britain's National Debt, for example is around £200,000 million (1990). How

can this be? Where are the credits?

No more than the so-called republicans, juntas and democrats do the Marxists understand the money mysteries. Weak supporter of the Nazis as he became, Spengler was right at least when he wrote in *The Decline of the West*:

There is no proletarian, nor even a communist movement, that has not been operated in the interests of money, in the direction indicated by money, and for the time being permitted by money - and that without the idealists amongst its leaders having the slightest suspicion of the fact.

Marx and Engels never saw that the owners of the means of distribution, those who control the money supplies, possess authority in every country, whatever its form of government, over both the owners of the means of production and all consumers. Nor do the communist leaders of today. Lenin was more perceptive, for in his *Imperialism* (1917) he wrote:

A handful of monopolists (the bankers) subordinate to their will all the operations, both commercial and industrial, of the whole of capitalist society; for they obtain the opportunity first to ascertain exactly the financial position of the various capitalists, then to control them, to influence them by restricting or enlarging, facilitating or hindering credits, and finally entirely determine their fate.

Yet no more than Marx did Lenin grasp how universal indebtedness occurs, nor the method by which banks create their interest-bearing credits (debts to us) out of nothing. So the Left has never understood, any more than the Right, how shortage of purchasing power arises in a community, nor why total incomes can never equal total costs of production anywhere. They appear to believe that industry itself in some vague way creates the purchasing power with which its goods can be distributed to consumers, when the fact is that industry creates no money but only distributes it. As I hope to show, it is this universal shortage of purchasing power (as opposed to the inflationary naughts-for-nothing of Confetti Money) that is driving us all down a steep place into the sea.

Socialists say they intend to nationalise the whole banking system.

But if their policy of restrictive control by debt remains the same, that will solve nothing; the money sums will still be wrong. The Soviet Union nationalised its banking long ago, yet there the same evils persist. Certainly any profit from usury may then accrue to the state, but the monetary control remains restrictive and despotic. The point is not who owns the banks - or, for that matter, industrial capital - but who controls monetary policy. Ownership should not result in

dictatorship but in stewardship, for in the end no divergence should, or need, exist between public interest and private interest. Now a new social order, a Third Way, is growing evident which, by financing consumption as well as production, could satisfy both personal ends and communal ends without conflict - ends which are by no means only economic. The condition for such regeneration is the elimination of the false indebtedness created by the banking system. The nation that first grasped the nettle, discarded the Work Ethic and put its financial house in order by allowing all it produced to be consumed would astonish the world with its civilised prosperity.

Now a new godhead has been enthroned of the anthropomorphic kind: the Common Man, *alias* the Worker - a strange god for he is both worshipped and enslaved, most firmly in the USSR, "those five million square miles of terror, stupidity and barbed wire" (Nabokov). The myth can bring no benefits, for the indisputable fact about humanity is that - although we are indubitably of one another - not a single individual is exactly like another. That we cannot ultimately all be turned into computerised clones is a matter for rejoicing, because, if the Common Man existed, adaptation of our species would become impossible. We must adapt and change or we perish, and change occurs through the unique person. In the prevailing class struggle, the mythical Worker could now be rapidly eliminated - by eliminating imposed but needless work.

Another myth is that the poor are poor because the rich are rich, that the poor can be made richer by making the rich poorer, and that, therefore, all that is required in justice is to redistribute incomes more equitably through graded taxation. It arises from a belief that money is a form of wealth, or at least that it can, under present dispensation, adequately represent real wealth. It may be true that some individuals become unduly rich under the present system, but, as a little arithmetic and a few statistics will at once reveal, taxation alone is not the remedy for that.

Since the hunger marches of the thirties, living conditions - at least in the West - have improved in spite of the financial restrictions; for a brief spell, many have never had it so good. But, as the Second Great Depression which is now upon us is demonstrating, those conditions are far from perfect and always under threat. The First Great Depression of the early thirties that began with the Wall Street Crash in 1929 was a time when unemployed miners were marching in protest against near-starvation and university graduates might be selling ice-cream from barrows for a living. It ended when vast new

credits were made available in such schemes as the New Deal in the USA and in general preparations for the Second World War.

The Wall Street Crash of autumn 1929 did not in itself cause the Great Depression of the Thirties. It was initially caused when, without warning, the Wall Street banks suddenly increased their interest rates from 3 percent to 30 percent. The Stock Exchange then merely reflected the despairing reaction of borrowers as they tried to unload their securities in order to repay their overdrafts. Thus, the banks were able to acquire enormous real wealth at knock-down prices. It could happen again, for governments have no power to prevent such fraudulently contrived catastrophes.

At that time, we all saw the absurdity of poverty in the midst of plenty, which was more blatant then, if no less real, than it is today. As a student I was involved and anxious about the future. Why, we asked, should desperate human needs exist side by side with unused productive capacities? Why, when millions were hungry, should wheat be burned, milk be poured down drains, calves be shot and buried, and farmers be paid not to raise pigs merely to maintain prices? I moved to the Left in the conventional student way, but remained unconvinced by any creed until I came across a certain book. Its voice was laconic and dry, but for me, as for many others, it pierced the brouhaha of Bedlam with a cool, rational analysis of the situation and a set of remedial proposals that followed with impeccable logic. Some sixty years have passed since then, but events have not altered, but strengthened, our conviction that here lies the only solution to humanity's chief problems.

The title of the work was *Social Credit* and its author was Major Clifford Hugh Douglas (1879 - 1952), an Anglo-Scottish engineer and costing expert. First published in 1924, following his first work of 1920, *Economic Democracy*, and his second of the same year, *Credit-Power and Democracy*, *Social Credit* was reprinted many times during the next ten years and it made a world impact. Its arguments have generated, against all the odds, a growing political movement in Britain, Canada, Australia and New Zealand, where increasing numbers see that those arguments make even more sense today than they did in the thirties, and that, with the arrival of the silicon chip and automation, the Douglas philosophy, analysis and proposals now arise for serious reassessment. Here are some extracts from that seminal volume written by a man who has been nominated the Einstein of Economics. Who can deny their current validity and common sense?

Those persons whose activities at the present time are chiefly concerned with restricting the output of the economic machine to its lowest limit, while asking each individual to produce more, are determined that not even the over-spill of production shall get into the hands of a semi-indigent population, without some equivalent of what is called work . . . Nor is it fair to say that this attitude is confined to the employing classes. Labour leaders are eloquent on the subject, and with reason. The theory of rewards and punishments is the foundation stone of the labour leader's platform, just as it is of the employer whom he claims to oppose . . . Marxian Socialism is an extension to its logical conclusion of the theory of modern business ... the primary fact on which to be clear is that we can produce at this moment goods and services at a rate very considerably greater than the possible rate of consumption of the world . . . It is also a fact that never during the past fifty years has any industrial country been able to buy its own production with the wages, salaries, and dividends available for that purpose.

Most politicians, whether Left or Right, are still held in the prison of classical economics based on the Work Ethic. Both Adam Smith and David Ricardo - and Marx, too - believed in the Labour Theory of Value. This states that an article costs £1 because the total human labour involved in obtaining the raw materials, designing, making and selling the article amounts to £1. In *Economic Democracy* Douglas talks more sense:

It is a fallacy that labour produces all wealth, whereas the simple fact is that production is 95 per cent a matter of tools and process, which form the cultural inheritance of the community - not as workers - but as a community and as such the community is most clearly the proper, though far from being the legal, administrator of it.

The industrial system, Douglas pointed out, exists at present for a moral end which assumes that work should be the only claim on goods and does not exist for the reason which induces individuals to co-operate in it - that is their need for goods. To that moral end the use of labour-saving machinery should be discouraged and all scientific effort should be removed from industry; failing an alternative, we should dig holes in the ground and fill them up again. Is there a manufacturer in this country, asked Douglas, or for that matter in any other, who is not clamouring to turn out more goods if someone will give him orders for them? Is there a farmer who is complaining that his land and his stock are unable to cope with the demands for agricultural produce which pour in upon him? In spite of this enormous actual and potential reservoir of goods for which mankind has a use, a large proportion of the population is unable to get at them. What is it then which stands in between this great

reservoir of supply and the increasing clamour of the multitudes, able to voice, but unable to satisfy, their demand? The answer, wrote Douglas, " is so short as to be almost banal. It is Money." He continued:

The position into which money and the methods by which it is controlled and manipulated have brought the world, arises, not from any defect or vice inseparable from money (which is probably one of the most marvellous and perfect agencies for enabling co-operating that the world has ever conceived), but because of the subordination of this powerful tool to the objective of what it is not unfair to call a hidden government.

The proper function of a money system is to furnish the information necessary to direct the production and distribution of goods and services. It is, or should be, an Order System, said Douglas, not a Reward System, and it is because it is superior to all other mechanisms of administration that the money control of the world is so immensely important. It would be absurd to argue, he said, that because there may only happen to be one hundred railway tickets from London to Edinburgh in existence, therefore no more than one hundred passengers may travel. It is equally absurd to argue that, owing to mere insufficiency of money units, things that are needed cannot be made or distributed, even though the materials and means of production necessary to make them exist. (Increasing the sizes of markets by ganging up in artificial bodies, like the European Economic Community, does not solve the distribution problem, as the absurd mountains of butter and lakes of wine so blatantly indicate.)

The present monetary structure producing this absurdity contains the chronic threat of war. We are a contentious species at the best of times, one of the few that will fight its own kind to the death, and now that science has provided us with weapons of ultimate devastation we may be on the brink of genocide. Nature will have made another mistake and in its ruthless way will remove us, like the dinosaurs, from this planet for good. We have reached Orwell's Oligarchic Collectivism described in *Nineteen Eighty-Four*:

An all-round increase in wealth threatened the destruction — indeed, in some sense, was the destruction — of a hierarchical society ... For if leisure and security were enjoyed by all alike, the great mass of human beings who are normally stupified by poverty would become literate and would learn to think for themselves; and when once they had done this, they would sooner or later realize that the privileged minority had no function, and they would sweep it away . . . Goods must be produced, but they must not be distributed. And in practice the only way of achieving this was by continuous

warfare . . . And at the same time the consciousness of being at war, and therefore in danger, makes the handing over of all power to a small caste seem the natural, unavoidable condition of survival.

Douglas described the main cause of modern war in *The Monopoly of Credit* (1958):

The technical definition of war is 'any action taken to impose your will upon an enemy, or preventing him imposing his will upon you' . . . More energy is devoted at the present time to the endeavour to modify the methods of war than to removing the motive of war. If we recognise this, we shall be in a better position to realise that we are never at peace - that only the form of war changes. If I am not mistaken, the seeds of war are in every village ... I suppose most statesmen at the present time would agree that their primary problem is to increase employment, and to induce trade prosperity for their own nationals, and there are few of them who would not add that the shortest way to achieve this would be to capture foreign markets. Once this, the common theory of international trade, is assumed, we have set our feet upon a road whose only end is war. The use of the word 'Capture' indicates the desire to take away from some other country, something with which it -being unable also to be prosperous without general employment - does not desire to part. That is endeavouring to impose your will upon an adversary, and is economic war, and economic war has always resulted in military war; and probably always will.

The so-called psychological causes of war, declared Douglas, are the response of human nature to irritations which can be traced to this cause either directly or indirectly:

To say that all men will fight if sufficiently irritated seems to me to be an argument against irritating them, rather than against human nature. It is not the irritation which causes the economic war; it is the economic war which causes the irritation. Military war is an intensification of economic war, and differs only in method and not in principle ... The beginnings of the cure for war can be found in a simple rectification of the money system.

Paradoxically, wars have tended to advance technology and productive powers. The Second World War, in the midst of huge waste and destruction, brought about a great increase in technological developments stimulated by war needs and by the temporary freedom from monetary restraints that war compels. During that war, the general standard of living rose in Great Britain and, for the first time, everyone was adequately fed, clothed and housed - if not luxuriously, at least at a higher level than had ever been enjoyed by the masses in pre-war years. In the United States the standard of living did not fall, as might have been expected; even though 21 million people were engaged either in the armed forces or in armament production

and large resources were being devoted to research into atomic energy, the standard of living rose by 40 percent. Here is a clear example of how a small part of the population, when released for a short while from the monetary restriction that is imposed in peace-time, can greatly increase the capital, non-consumable production of a nation. Major advances occurred, particularly in methods of communication like radar and in the giving of direction to machines instead of people, a system early in use in automated hydroelectric power stations. The vacuum tube became more widely applied, notably in computers, and by 1940 the completely automated factory had become possible.

Past wars have therefore brought some benefits to balance their miseries. A major war in the future, however, if it becomes nuclear is unlikely to advance technology but to bring about its total destruction. It can be prevented by the economic adjustments outlined in this book, adjustments that are based on these twelve assumptions:

1. All wealth on earth derives ultimately from the sun and its life-giving rays are cost-free, debt-free and tax-free. So is rain and the air we breathe. We all receive something for nothing and we always have.
2. The purpose of a sane social-economy is not to provide work as an end in itself but to provide and distribute wealth for the benefit of individuals.
3. Efficient and sufficient production now requires rapidly diminishing dependence on human muscles and brains.
4. Money is not real wealth and should be used only as a convenient medium of exchange - a ticket system.
5. Money does not at present adequately represent wealth.
6. The wage-salary system can no longer disburse sufficient purchasing power to the community to cover the prices of goods and services for sale. An additional way must therefore be found of paying the consumer without causing inflation.
7. The true cost of production is the amount of real wealth consumed during production - and nothing more.
8. What is physically and materially possible must be financially possible.
9. Civilisation is created through the self-chosen activities of leisure.

10. Leisure with security is liberty.
11. The purpose of life lies in self-development.
12. Modern labour-saving technology is a product of the whole Cultural Inheritance of mankind, and in its fruits every human being has the right to a share, over and above any earnings.

Chapter 2

INHERITANCE FROM FLINTS TO CHIPS

If I have been able to see farther than others, it was because I stood on the shoulders of giants.

—Isaac Newton

Ages ago an intelligent hominoid lifted a stone and hurled it at his prey, and that stone was the origin of our superb modern tools. Then *Homo Erectus* may have become a scavenger using a sharp flint to cut the skin from a carcass and so reach the edible flesh. Millenia passed and sophisticated hunting weapons were invented first of wood and stone, then of bronze and finally of iron. Then, when the lands of the wanderers dried up, the survivors migrated to the alluvial soils of great rivers and the revolution of agriculture began. That was only some 8,000 years ago; it was a decisive step towards civilisation because it made possible large settlements and brought writing and the recording and accumulating of traditions and knowledge. Our world exists because some unknown man invented the plough.

After the birth of language, the discoveries of the kindling of fire, the plough, and the wheel were immensely important to human development. So was metal smelting and the lever and wedge, precursors of modern machinery. (So, indeed, was the horse-collar, horse-shoe, bridle and stirrup.) One idea leads to and fertilises another so that the list grows rapidly.

The biggest boost of productive resources was comparatively recent. When, in fact, did the First Industrial Revolution begin? If power machinery is the criterion, it began in the twelfth century and was in full swing by the sixteenth. During that period, the dispersed technical advances and ideas of different civilisations were brought together in Europe (paper from China, for instance), and invention and experiment went slowly forward, greatly aided by the printing press, to reach its climax in the sixteenth and seventeenth centuries with the foundations of experimental modern science. The main advance arrived in mills and pumps driven by the inexhaustible power of wind and water. Indeed, the growth of textile mills in the eighteenth century was first due not to steam power but to the water wheel which, around 1770, began to turn Arkwright's spinning frame that inaugurated the age of mass production.

Many developments were maritime and these helped exploration,

trade, and the spread of knowledge: new forms of sails, harbours and lighthouses, canals and locks, the mariner's compass, the permanent rudder in place of the steering oar. Yet right up to the arrival of steam, men's sources of power were limited to wind, falling water, draught animals and their own muscles.

The First Industrial Revolution, based on coal and iron, arrived, not with the steam engine, as is generally supposed, but earlier. It came with the discovery of aids to navigation: the ship's chronometer first made by John Harrison, a Yorkshire carpenter, in the mid-eighteenth century, Hadley's sextant of 1731 (based on the Davis backstaff of 1595), and the improved telescope. These instruments made navigation easier and safer by solving the ancient problem of calculating longitude. Using Newton's mathematics, the makers of clocks and optical instruments were the fathers of the craftsmen who produced the engines of the Industrial Revolution, for their artifacts were the lathe and the dividing engine, forerunners of modern machine tools. Significantly, Watt, who developed the steam engine, was trained as a scientific-instrument maker.*

But, of course, it was steam power that became the wet nurse of the Industrial Revolution. Newcomen's crude monster, developed from the earlier efforts of Lord Worcester, Dr. Papin and Thomas Savery, was mostly used for pumping water out of mines, but James Watt greatly improved the engine so that it could be used both for pumping, thus releasing enormous quantities of coal and iron ore, and as a source of energy in factories. Britain inaugurated the revolution for it was not only a country rich in coal and iron but bred men of practical inventiveness. Now coal and iron could be brought together along a network of waterways that began when the Duke of Bridgewater built a canal from his mountain of coal at Worseley, first to Manchester and then to the docks at Liverpool. His heaven-taught engineer was James Brindley, who typically had begun working life as a millwright, like Thomas Telford and other early engineers after him. In 1709, Abraham Darby, who founded the Quaker dynasty

*I owe this *aperçu* to the late Norbert Wiener's *Human Use of Human Beings: Cybernetics and Society* (1968). Dr. Wiener was professor of mathematics at MIT, and has been nominated the Father of Cybernetics, the science on which automation and communication systems are based. When a friend of mine visited him at my suggestion to broach the subject of Social Credit, Dr. Wiener reacted promptly: "Of course I have studied Douglas; I accept him without reservation and see no future for our society unless Social Credit principles are incorporated at an early date."

of ironmasters in Coalbrookdale on the Severn, achieved what others had been unsuccessfully attempting to do for a century: smelting iron ore with coke instead of charcoal by means of a blast furnace. That, too, was an important factor in the Revolution. It was a revolution that Britain could hardly have developed without the markets available in its expanding Empire.

By the start of the nineteenth century, the steam engine was well established and now it was being applied to moving boats (soon also to be made of iron), first with the paddle wheel and later with the screw propeller. Then the steam locomotive arrived which, on its iron rails, could haul heavy freights, as well as passengers, cheaply for long distances. Trevithick's was the first, but Stephenson improved it enormously with his steam blast, so that by the end of 1854, after only some twenty-five years, 18,000 miles of line had been laid in Britain alone. The railways made possible the gargantuan growth of Victorian cities, and their mobile power created a bloodstream of world communication, with England at its heart.

The static steam-engine, helped by new machines like Hargreave's spinning jenny and Jacquard's loom, brought the greatest benefits, not only to mining of coal and iron, but also to the textile industry (although not to the wretched hand-loom weavers of the cottage industry they displaced). Its mills became the prototypes for all industrial developments. Thus was produced the huge nineteenth-century influx of country folk, many dispossessed by the Enclosures Acts, to the slum-and-smoke of the expanding industrial towns where men, women, and children eked out their brief and ghastly lives of exploitation, poverty and machine-minding drudgery. The new proletariat, bound to the machines by fear of starvation or the workhouse and cajoled along by the puritan propaganda for incessant toil, now enjoyed even less leisure than had the serfs and peasants of mediaeval England with their primitive tools.

Just when Kant was teaching that every human being should be treated as an end, the system began to treat most beings as means. Labour was merely another resource to be mined and exploited like the landscape, without responsibility beyond the day's minimum payment in cash. Against the appalling conditions, in which the life expectation of the poor was twenty years less than that of the upper ranks, the labour reaction was inevitable. Victorian drudgery and squalor were endured in the early type of factory with its tall chimneys and mechanical transmission from the engines along overhead shafts that worked bands with pulleys in which the skill of the millwright

was evident. However productive it may have been compared with hand labour, the new machinery was only about ten percent efficient. Nevertheless, steam brought enormous social changes and increased production. New machinery was applied in agriculture too, and on the American prairies McCormick's harvesting machine so greatly expanded cultivation that cheap imported wheat undermined farming in Britain.

For all its faults, the nineteenth century achieved much to add to the Cultural Inheritance. Then the Second Industrial Revolution arrived with power that can be distributed along metal wires and can be generated by wind, water, coal, oil and nuclear fission. This was to fructify in gigantic electric power stations, electric motors and dynamos, the electric train, the telegraph, telephone, lifts, (making skyscrapers possible), electric lighting and heating, radio, television and radar. Already, by 1900, the phonograph, cinema, petrol engine, turbine and airplane existed in embryo. In our own century has occurred the Third Industrial Revolution as a consequence, the new age of the transistor and the silicon chip, which may prove to be a more productive aid than any invention in history, for it extends not only our muscles but our brains. The first report of the Advisory Council for Applied Research and Development, entitled *The Applications of Semi-Conductor Technology* (1978), described it thus:

This is the most influential technology of the twentieth century because; (1) it both extends and displaces a wide range of intuitive skills; (2) it is all pervasive; (3) it is still advancing rapidly; (4) it is very cheap and getting cheaper; (5) it will become abundantly available from international sources; and (6) it has exceptional reliability.

Micro-chips have been developed mainly in Silicon Valley, near San Jose in California, but all industrial countries are now involved in their manufacture. They depend on the electronics that originated with the electric telegraph invented in the early nineteenth century, and the technique went forward in 1906 when Lee de Forest produced the triode valve. From this, combined with the photography begun by Fox Talbot around 1840, has come micro-electronics and the mechanical brain. This is a gigantic step in history, more important to human development than the birth of language or the inventions of the plough, wheel, printing press and steam pump. In 1925, Julius Lillienfeldt invented the transistor (both a switch and an amplifier) which was forgotten until the 1940s and was then reinvented

by William Shockley, John Bardeen and Walter Brattain, working at the Bell Telephone laboratories in the USA. The transistor of 1947 replaced the costly and bulky vacuum valve, and for that Shockley received a Nobel Prize. In 1955, at Stanford University, he invented the semiconductor, a new type of transistor made largely of monocrystalline silicon which is a form of sand; this was developed commercially by Robert Noyce in the USA. The first integrated circuit of transistors came in the late fifties at Texas Instruments and at Fairchild Camera and Instrument Company.

The ancient abacus, still in common use in some countries, is a kind of computer, but computers really began with the mechanical adder that Pascal invented in the seventeenth century, a notion expanded by the Englishman Charles Babbage, who produced the first mechanical computer a century ahead of his time. The electronic valve rendered high-speed processing possible, but did not solve the problems of size and energy consumption. The transistor that replaced the valve did solve them for it does not rely on heat, requires very little energy and is very small. Its effects have been sudden and spectacular and it is going to transform the world within a generation. The possibilities of the computer are limitless for it can in principle be set to tackle any problem known to Man.

Hitherto, automated machines have been designed to do specific, single-purpose jobs, but now general purpose robots, controlled by chips, are being produced that can adapt to a variety of work that was previously only possible by the human operator. These are a great improvement on human beings because they do not grow tired, or bored, or go on strike; they have arms, fingers, eyes and brains, and they can move freely, perhaps even in cleaning rooms and polishing floors. Indeed, soon we shall be able to telephone our homes when away and issue instructions to our domestic robots. So applied science advances to take over our toiling, a fact that neither Adam Smith nor Karl Marx foresaw.

The Third Industrial Revolution will extend to almost every field and profoundly affect the lives of us all. Now the chip can be given instructions on tape — programming, as it is called — with the advantage of feedback which teaches it to remember and adjust itself like a human brain so that it can take over the work of human beings in organised production. Already such continuous-process factories as steel rolling mills, canneries, wire and tinsplate, automobile, paper and textile works can be made almost entirely automatic, one case being the Fiat motor factory in Italy which is now under the control

of some twenty robots, and another, the Nissan Zama plant in Japan which produces 1300 cars a day with the help of only 67 humans — that is more than nineteen cars a day per man. Power stations, chemical and oil-cracking plants can also be automated. Clerical and managerial work will soon be largely automated too; office buildings will grow redundant, in that work will be done by a few human beings at home, or near it, by new forms of communication, so making the stress and waste of daily commuting miseries of the past. New supermarkets will supply customers by push button so that orders will be delivered at the exit without handling and wheeled baskets.

In 1984, a study of information technology in the USA found that in one profession alone — that of architecture — computers, generating drawings, specifications, cost estimates and schedules, will replace no less than four-fifths of present architectural-office staffs by the end of the century.

In agriculture, too, automated machines are taking over, and to them are now being added machines that can think and plan ahead as well as labour. In the USA in 1700, 92 percent of the population worked on farms to provide food for themselves and for the remaining eight percent; today, three and a half percent of the labour force, in spite of artificial restrictions on production like the Land Bank, feeds the other 96.5 percent and much of the rest of humanity as well. Automation will reduce that figure even further.

We shall soon be enjoying chips with everything. But what exactly is the micro-chip (otherwise known as the micro-processor, Information Technology, a branch of Semi-conductor Technology and VLSI or very large-scale integration)? It is a small electronic device which does not wear out from friction and works at incredible speed, typically at a million discrete operations a second. It can store instructions, make calculations and decisions and execute procedures; it can manage businesses, keep inventories, organize factories, and control complicated mechanical operations at an assembly plant, so increasing productivity by anything from three to ten times its present level, a power and efficiency that is likely to grow dramatically in the future. The chip is, above all, a revolution in communications in that it can receive, store, transmit and transform information.

The implications are enormous; they mean not only that, in principle, any job that requires routine physical or mental activity can be replaced by a machine worked by a micro-chip, but that, in general, human intelligence, knowledge and communication can be vastly extended in every sphere. At present we can only speculate

on its impact on the future of life on this planet, for we now possess a new and artificial intelligence that can take in and disseminate more knowledge and information than a human brain. Before long, books and libraries may not be needed, for we may be able to obtain on a screen in our living rooms all the information available to mankind from a Central Information Store. Electric signals will replace the printed page with enormous saving in wood pulp and labour, for whole encyclopaedias, whole libraries, will be stored in the space of a single paperback book for viewing on a video unit. The aids to education will be beyond our present dreams at home, school and university.

The new form of power and wealth is information, and that is non-depleting; however much is given away, the more it accumulates through feedback and the more it will encourage understanding and co-operation. If given correct information, it does not dissimulate for it is unburdened with moral prejudice. It is an Aladdin's Lamp, a bottomless Crock of Gold. Since the chip increases information and communication, it cannot be readily abused by power maniacs for its tendency is to supply peripheral decentralised information. A telephone is a primitive form of communication and, significantly, in the entire Slave State of the USSR, fewer telephones exist than in the Fiji Islands.

A very important point: the micro-chip could greatly assist the Third World without necessarily despoiling and debasing old ethnic cultures and their environments; the Third World could jump over the industrial squalor of the nineteenth and twentieth centuries of the West. The biggest lack in the underdeveloped countries is in knowledge and information; they are burdened by third-rate teachers, but now they can acquire the finest teachers in the world through information transfer — and at little cost.

Of the greatest significance to the future is that the chip can be a technological catalyst of dynamic potentials, in that it can produce other new technologies and aid the scientist, technician and professional expert in ways that have never before been possible.

Although more effective than the early computers, micro-chips are a thousand times cheaper to produce, they are minute, and year by year grow smaller, faster, more powerful and more intelligent. Compared with the computers of only ten years ago, they are already in size as one ounce to three tons.

Insulated conductor bars, 1/5000th of an inch wide, are printed photographically on a wafer of silicon; then more layers of conducting material are printed on top and square holes are punched through

the lot so that each layer can make contact with the next. In each hole, the touching layers make a transistor and a final metal layer wires them together. In 1963, eight transistors to a chip were produced; today they can contain a quarter of a million, a development made financially possible by the huge resources poured into defence and space travel. So now the powers of an early valve computer can be contained in one of these little chips which in mass production may cost no more than £2 each. Before long, ten million gates on a chip measuring one centimetre square may be possible and chips will work at increasing speeds; they will be a hundred times as effective as the cells of the human brain and they will work a million times faster. They could last for centuries and they are thoroughly reliable. Now silicon may be replaced by gallium arsenide which will enable a basic processing operation to be accomplished in 10 million-millionths of a second and will carry out 250 million operations in a second.

Chips can be made in great quantities with standard circuits that can be adapted for specific uses, or they can be made with special circuits tailored to particular functions. Each chip, when completed, is tested for every instruction it can obey and the test takes under a quarter of a second. Edward Goldwyn explained the chip revolution on the BBC and in a subsequent article in *The Listener* (6 April 1978):

A human brain has about 1,000 billion electrical connections. To have built that with valves (if we knew how) would have resulted in a machine the size of Greater London. Built out of 1960s transistors, it would have been the size of the Albert Hall. With the present-day integrated circuits, and including power supplies, wiring and everything, we could fit it into a single dressing-room. And by 1980, with the next generation of integrated circuits ... it could actually be smaller than the human brain ... Electronics pervades almost all manufacturing techniques, and when key components become a thousand times cheaper through the use of silicon chips, there will be a dramatic effect ... The questions shout. The government seems totally unaware of the effects that this technology is going to create. The silence is terrifying.

Yet the Terrifying Silence is not total. In 1978, for example, Max Madden, M.P., Chairman of the Parliamentary Employment Group, declared that few answers were forthcoming on future employment. "It is quite fundamental," he said, "We need to redefine what we mean by full employment, and indeed work itself."

That micro-circuit technology will save a vast amount of human labour cannot be disputed. Some are hoping that it will create new kinds of work, but they do not say what kind, although they often

state vaguely that it will be in servicing rather than production. But the chip will penetrate servicing, too. Word processors, high-speed copiers, accounting and filing machines, and mobile telephones will everywhere replace typists, secretaries, accountants and managers. Any information you need will be available at home on a screen by touching a keyboard. Home equipment like washing machines, cookers, irons, central heating and clocks are now all being controlled by chips making them smaller, neater, cheaper and more efficient, reliable and lasting. The same is true of motor-cars, in which chips will improve performance, save fuel, reduce exhaust pollution and prevent skidding.

For the first time on earth, machines can think for themselves, can remember, and can adjust to changing conditions. They can also be self-perpetuating like life itself. Yet they are not themselves alive for they do not love or hate, grow manic or depressed, or schizophrenic; they do not moralise, philosophise, become bored or inspired. The chip is the product of the human brain, its splendid new tool and extension. It will soon be accomplishing all the chores of industry, commerce and agriculture; human machine-minding is over. Thank goodness for that.

The boredom and degradation at assembly belt, in field, office, and counting house are being handed on to insensate artifacts. The entire economy of the world is going to be radically changed and one change should be obvious: *the wage-salary system of Full Employment will have to go*. Dr. Chris Evans has summed up the matter admirably in *Scientific Fact* (1979):

The horrendous fact that many prized skills are rather surprisingly easy to simulate by quite simple computers will not penetrate human consciousness overnight, but once it does there are likely to be fireworks. If the objection is raised that people hardly know what to do with the leisure time they have at their disposal already, then the rejoinder should be that people must learn to enjoy leisure, sustained leisure, in the way that some people enjoy sustained work. Man is an active, creative being, born to explore the universe around him and equipped with a fabulous brain to help him. There is no hint of a suggestion that his genetic structure, his psychological needs and drives, or even his social heritage demands that he spend a vast chunk of his life poring over figures in a neon-lit office, driving a diesel engine through smoky streets, or watching a million bottles a day pass him by on a conveyor belt. As we move towards the end of this century, therefore, expect to find man throwing off the shackles of compulsory mindless labour, and embracing the new intellectual riches which the computer will provide.

It is possible, of course, that mass leisure will bring its

problems in neuroses and psychosomatic disorders, but we shall have to adapt or sicken. Moreover there is in all conscience enough to be done in the world at once — in social services of many kinds, in land reclamation, intensive agriculture on healthy soil and the rebuilding of our squalid urban environment — fully to occupy the next generation, but it could now be willingly done without compulsion of the individual. Wide education for leisure will become easy with modern means of communication. We shall, for example, have private television programmes distributed by laser beams through glass fibre cables as thin as cotton, each carrying 80 channels, thus breaking the present tight monopolies of communication. Every one of those fibres will be able to carry no less than half-a-million telephone conversations at a time.

Most automated factories are now owned by a handful of people; at present in the USA, for example, less than five percent of families own more than two-thirds of all industrial shares. Of what use to them is all the wealth they create if no one can buy the products of the factories? This raises the whole question of the ownership of the means of production on which the Left sets such irrational store. Ownership today means something different from what it meant in the Stone Age, or even two centuries ago, since one cannot, after all, eat silicon chips, live in a turbine, drive a million motor-cars each day or wear ten million suits of clothes in a lifetime. The controlling factor is no longer ownership of the means of production; it is distribution. In a word: money. A factory as such is of no use to the individual consumer. What he wants is to acquire the products of the factory and only the medium of money allows him to do so. If the consumer has no money to spend, how can the factory owner keep going or acquire any profits, whether in money or any other form of benefit? Where is your Free Market then? Clearly, the fruits of our Cultural Inheritance, to which the silicon chip is the latest and most remarkable addition, will have to be distributed to consumers by some form of money not issued through industry as wages, salaries and dividends. Mass production requires mass purchasing power.

In the immediate future, industry will be trying to run two kinds of organisation: the old type evolved in the First and Second Industrial Revolutions, and the new type in the Third. The old type, using much human labor, will gradually be abandoned as employees retire or are paid off with redundancy money. Unemployment will therefore most immediately affect the school-leavers, the most vigorous members of the community. How will the young deal with the frustrations and

demoralizations of redundancy — or to use a more constructive word, with their leisure? Will they be able to cope with the liberation leisure allows, having on the whole no traditions or quality of education, either in the home or the school, that would prepare them for a constructive use of their yawning spare time? Two immediate needs are imperative: first, rational monetary adjustment, and secondly, a general faith that adaptability to changing conditions is part of human nature and that changed conditions change men.

People can, of course, be forced to "go to work" in order to watch the machines doing their former jobs. That happens now, for hidden unemployment is immense. Yet the irrational futility of this is, as yet, hardly questioned by anyone, so deep is our obsession with the sanctity of paid employment. Governments try desperately to create employment, since at present it provides the way to the pay packet. At the same time, these governments are investing millions in microelectronic developments which will render Full Employment impossible, and they dare not openly discuss the social consequences.

Meanwhile, the unemployed are being kept from starvation and revolt by grudging payments of "benefits" raised from taxes that merely redistribute the artificially limited amount of purchasing power. With what was at one time called the Dole goes a kind of unspoken social condemnation and a sense of guilt at being a parasite on society, a feeling of social rejection in a drab and meaningless life. The attitude is unreal and the product of our puritan traditions. The growing crime and vandalism among unemployed youth is understandable on that account alone, although it has additional causes which are partly environmental and partly an inarticulate awareness that society as a whole has lost direction in a sea of half-hidden corruption that spreads like cancer through the social bloodstream down from the financial apex.

Boredom is a major problem. Edward Tyler of Bristol concluded in a despairing letter to *The Listener* (13 April 1978): "I am not afraid of our becoming slaves to our machines, but of our machines becoming such competent slaves that the luxury of indolent hedonism becomes more monotonous than the tightening of a screw on a Ford production line." That is a prevalent fear. Is there, then, no escape from boredom? Every dedicated artist, craftsman, professional man, poet, thinker, scientist, sportsman, knows there is, and who has not the makings of such in his nature? "To become what we are capable of becoming," wrote Robert Louis Stevenson, "is the only end in life."

How can the Robot Revolution become not a curse but a blessing?

Certainly work can give meaning and status to a man or woman, and, as things are now, being unemployed tends to make the individual feel worthless, unwanted and alone. A sense of group identity is lost, for much social life goes on in factory and office. These are strong reasons why the ideas here propagated are so often received with anger and fear. We are all somewhat frightened of freedom, but perhaps when more people are "out of work" than in it, they will begin, once liberated from the pressures of money and authority, to form their own purposive groups, and the sense of alienation and futility will then vanish. In any case, to quote Douglas again: "Although work as an end and not a means is objectionable, work for its own sake may quite easily be essential to the well-being of the individual. The difference is subtle, but it is vital." Provided we can all obtain the purchasing power — the tickets — to buy our fair share of what machines produce, Full Unemployment should in the end be a matter for rejoicing. U. Thant, then Secretary General of the United Nations, explained the new human condition:

The central stupendous truth about developed economics today is that they can have — in anything but the shortest run — the kind and scale of resources they decide to have. . . It is no longer resources that limit decisions. It is the decision that makes the resources. This is the fundamental revolutionary change — perhaps the most revolutionary man has ever known.

Chapter 3

WORK AND LEISURE

There are really two basic questions. Number one: We've got to learn to distribute the abundance we know how to make. Number two: Ultimately we've got to find a way to give people a more rational means of choosing between gadgets and leisure. We have to find a way to satisfy man's need for creative expression during his leisure hours. And just having two more television sets in the house to sit and look at does not meet that need.

— Walter Reuther, President of the United Auto Workers of the United States, in a *Sunday Times* interview.

For several million years, men spent their days in obtaining food. Yet a little surplus energy remained or no progress at all would have been possible — some time, for instance, to invent and make better hunting weapons which, in their turn, extended spare time energy. Spare time can be used for play and the creative arts, or it can be used to improve productive efficiency further. It has made civilisation possible.

Man-made tools and machines (from the Greek *mekhane*, signifying means) are handed on from generation to generation and working knowledge is also handed on through words and symbols. That is our common Cultural Inheritance. Because it is the developing product of countless generations of clever but mostly forgotten individuals all over the world, back to the unknown genius who invented the plough, and before him right back to the man who first hurled a stone, it belongs to all mankind.

Inheritance has been vastly enriched by four evolving factors:

1. The association of individuals to achieve a commonly-desired purpose, called the Division of Labour. This enables a job not only to be done more quickly and readily than it would be by individuals working on their own, but makes possible achievements that could not be done at all by single individuals. A surplus is produced which increases up to a point with the number of those working in association and may be called the Unearned Increment of Association. The hunting pack of twelve men in the primeval forests produced an unearned increment, and, nearer our own time, Adam (Wealth-of-Nations) Smith, the

most influential economist in the development of the First Industrial Revolution, calculated that, whereas one man working on his own could make about twenty pins a day, ten men, dividing their labour into specialised departments, could make 48,000.

2. The use of solar energy, both direct and indirect, in place of animals and human energy in production. This includes energy stored in fossil fuels like oil and coal, in timber, and in wind and water power, so that the energy required from human beings or beasts of burden is reduced to perhaps one fiftieth of the total energy required for some purpose.
3. The introduction of tools and machines by means of which complicated operations can be carried out with great precision and efficiency with decreasing human aid.
4. Computerisation representing a sudden advance in the control and storage of information and the control of automatic machines. Professor Stonier of Bradford has offered the conservative opinion to Whitehall's Think Tank that in no more than 30 years' time the silicon chip should enable us to satisfy all the material needs of our society with only ten percent of the current labour force.

Thus with the aid of applied science we have, in a remarkably short space of time, worked ourselves out of the need to toil incessantly for mere survival. Therein lies our moral and economic crisis. Man has existed for at least a million years. He has been able to write only for the last 6,000 years and has tilled the soil for slightly longer. Modern science, based on observation and experiment to determine fixed natural laws, has existed for about 350 years, and in its fully applied form for only about 200. We have thus covered an incredible distance in a relatively minute span of time and the speed of development has been increasingly accelerated. Is it surprising that we are in some confusion? Are we going to destroy this extraordinary increase in our Cultural Inheritance in an even shorter time for lack of moral adjustment towards work, and of an objective, scientific approach to the monetary means of distributing our new-found wealth?

Consider what work (energy conversion) has meant to men through the ages. For aeons, work simply meant the hard grind of just staying alive. Work, whether it was gathering food or hunting, was life, and therefore highly desirable. Only recently have we begun to distinguish between work and leisure activity. The ancient Greeks, being by common consent a civilised people, believed that work should be avoided if possible. The Greek name for work was *ponos* which

has the same root as the Latin *poena*, meaning sorrow. According to Homer, the malign gods condemned men to toil from sheer spite. Xenophon saw work as the price of pain the gods charged for life's goods, while Hesiod thought that the felicitous Golden Age would be one without work or slavery. Socrates declared that "leisure is the best of all possessions." The perfect constitution, said Aristotle, "will turn no citizen into a working mechanic," and he desired a future when "every instrument could do its own work, the shuttle could weave and the lyre be plucked without a guiding hand, so that foremen would not need workers nor masters slaves." The Greek poet Antiparous celebrated in song the invention of the water-wheel because it saved labour: "Spare the arm which turns the mill, O millers, and sleep peacefully. Demeter has imposed upon the nymphs the labour of the slaves, and behold them leaping merrily over the wheel, making the heavy rolling stone revolve."

The free and equal men of Athens avoided toil by employing slaves, and were thereby able to produce the highest peak of civilisation in history and to lay the basis of science — a science they studied for its own sake from insatiable curiosity and did not need to apply since their slaves made that unnecessary; in any case, they led lives of simplicity. The Greeks only wanted to understand the world and did not regard science, as we do, as a means of changing the world. Among the Romans who absorbed the Greek culture, Cicero believed that "leisure with dignity is the supremely desirable object of all good and sane men."

The Hebrews regarded work as a penalty of expiation for the Original Sin committed by Adam and Eve. This myth was passed on to the Christians and we are still living under its implication that incessant toil is less offensive than the idleness that leads to self indulgence and vice. "Blessed the man who bows himself like an ox under the yoke." But as *Ecclesiastes* sighs: "The labour of man does not satisfy the soul." The Old Testament advocates the Sabbath as a day of rest. *Leviticus*, however, with all its threats and promises, offers a whole year's holiday: "A jubilee shall that fiftieth year be unto you: ye shall not sow, neither reap that which groweth of itself in it, nor gather the grapes in it of thy vine undressed." A sabbatical leave, as it were.

Against common experience, Christ advocated a trust that the Heavenly Father would supply our needs, scorning prudence as much as wealth and pointing to the lilies that neither toil nor spin. Stop fussing, love one another and all will be well — a teaching that has

had little effect through the centuries in spite of the splendid show organised in its name. Christianity, early and late, and like many other male-dominated religions, has advocated asceticism, particularly in sexual matters. Even marriage became a kind of licensed sin. Origen, one of the early Church Fathers, castrated himself. St. Jerome regarded the Christian life and asceticism as being virtually identical and wrote about his ghastly hermit's life: "Though my limbs were cold as ice my mind was burning with desire and the fires of lust kept bubbling up before me when my flesh was as good as dead." He also wrote of the matrons of Rome that no other could win his approval but "one who mourned and fasted, who was squalid with dirt, almost blinded with weeping." The rational, civilised eighteenth century mind of Gibbon deplored such extremes of religious self-immolation:

There is perhaps no phase in the whole moral history of mankind of a deeper and more painful interest than this ascetic movement. A hideous, sordid and emaciated maniac, without knowledge, without patriotism, without natural affection, passing his life in a long routine of useless and atrocious self-torture, and quailing before the ghastly phantoms of his delirious brain, has become the ideal of the nations which had known the writings of Plato and Cicero and the lives of Socrates and Cato!

The excesses of extreme asceticism are among the least attractive legacies of the Jewish-Christian tradition and in many needless ways we still suffer their severities today. An antidote to sexual desire is no doubt the weariness produced by hard work, which has therefore always been encouraged by ascetic religion for the same reason perhaps that vigorous sport is encouraged among school children. St. Paul was obsessed by Sin, especially of the flesh and he set the tenor of the church by advocating most firmly that "if any would not work, neither should he eat." In our time, Marxist puritanism, thwarting personal initiative and ecstasy, tends to oppose sexual joy and to support energetic toiling; as the *Peking Workers' Daily* commented not long ago: "Love between man and woman consumes energy and wastes time."

"Alias, alias, that ever love was sinne!" cried Chaucer's Wife of Bath. How many centuries of frustration, repression, aggression and guilt are condensed in that lament? Christians believed that copulation for delight was a mortal sin because it weakened the total love of God, "Spouse of the Soul." In his *On The Genealogy of Morals*, Nietzsche comments: "Christianity gave Eros poison to drink. Eros did not die of it, to be sure, but degenerated into Vice."

The monasteries, as communities of drop-outs despairing of the brutality and chaos of the declining Roman empire, began during the third century in the wastes of Egypt and developed into the great institutions which preserved the learning and crafts of ancient Rome. Benedictine rule became the monastic norm and it insisted, with remarkable economic results, on hard work. "Idleness," declared the Rule, "is the enemy of the soul." Men heard the cry of St. Benedict: "*Laborare est orare*" (Work is Prayer) and that cry has reverberated down the centuries. Work, whether at farming, building, weaving, teaching or writing, together with prayer, chanting and meditation, could be balanced in what must, on the whole, have been a cultured, co-operative, rhythmical, if austere, existence until the firm discipline finally declined to mere sinecure. Now, in discussing work we must remember how essential to survival it has been hitherto. In the past, men consumed all they produced and would have considered the burning of wheat to keep up prices when people were hungry, to be an inconceivable blasphemy, and work, being so largely craftsmanship, must have given much personal fulfillment up to the time when industry became centralised in factories and turned men into mere machine-minders, enslaved in urban misery.

With the Renaissance, the burgher emerged from feudalism and its stratification, and so was born self-centred individualism and business. Then the Reformation came to destroy much of the humanism and the New Learning of the Renaissance personified by Erasmus, and with it the tendency arose to see life as a gloomy, self-disciplined vale of tears, toil and expiation. In Sir Thomas More's *Utopia* (Greek for Nowhere) no one might be idle, while for Luther, Calvin and all the Protestants, work remained the *remedium peccati* of Fallen Man. Luther disapproved of slacking in monasteries, and he strengthened the Work Ethic by linking ceaseless activity with religious piety as being the best way to serve God. Whereas mediaeval England had permitted many Holy Days or Holidays, including a Christmas break that lasted at least twelve days and even up to Candlemas, the Protestant Puritans typically tried to stamp out Christmas holidays and festivities altogether.

The monk Luther believed that monasteries encouraged idleness and that Holy Days and pilgrimages were mere excuses for avoiding work. Calvin, however, produced a creed for urban commerce that made usury respectable; the Dutch Calvinist Claude Saumaire even argued in his *On Usury* of 1638 that the charging of interest was necessary to salvation.

Calvinism has been a more potent force than Lutheranism and it spread rapidly from Geneva through Europe and across to the New World. "It is perhaps the first systematic body of religious teaching," wrote Professor R.H. Tawney in his *Religion and the Rise of Capitalism*, "which can be said to recognise and applaud the economic virtues." But both Luther and Calvin led the way to that Puritanism which has so deeply affected life not only in the non-conformist countries but all over the world up to our day. To the Puritan, all show and all amusement, even the arts, are despicable; and mundane toil, as a joyless duty, is almost a sacrament, a travail of the soul to exorcise the Devil. Prayer, sobriety, thrift, diligence, disciplined will, and ceaseless work are the watchwords and sloth is to be seen as a greater danger to the soul than covetousness. The *laborare est orare* of St. Benedict becomes of intense significance, and even contemplation is regarded as indulgence. "Sometimes," as Tawney writes, "the strain is too tense, and, when its imprisoned energy is released, it shatters itself." He goes on: "A spiritual aristocrat, who sacrificed fraternity to liberty, the Puritan drew from his idealization of personal responsibility a theory of individual rights, which, secularised and generalised, was to be among the most potent explosives that the world has known."

According to Calvin, God had chosen certain individuals as being predestined to salvation from eternity by His gratuitous mercy, totally irrespective of human merit. The rest were assigned to eternal damnation "by a just and irreprehensible, but incomprehensible, judgement." The aim, therefore, was not personal salvation, but the glorification of God and the sanctification of the world by strife and labour. Good works could not be a means towards salvation, although they might afford some indication that salvation had been accorded. This terrifying philosophy, that virtue is no passport to Heaven and that a man's fate is beyond his own control (a belief which, in fact, goes back to St. Augustine), could supposedly have led its believers to a natural reaction of resigned apathy. Strangely enough, it had the opposite effect, for it roused its adherents to a fever of activity in the hope that ceaseless striving and the monetary success it brought might be an encouraging sign that one was among the few whom God had chosen for salvation. Yet one could never be quite sure; chronic anxiety must be man's ineluctable lot. With his hatred of pleasure and of every natural impulse, Calvin has done us little good, and his latter-day victims keep the couches of the psychiatrists warm and the doctors busy holding thrombosis at bay. He can be seen as

the spiritual founder of modern business — of thrift, reinvestment and Gross National Product which must always be increased, to infinity if possible, but never fully enjoyed, savoured, contemplated or consumed. Tawney summarises the matter thus:

The transition from the anabaptist to the company promoter was less abrupt than might at first be supposed. It had been prepared, however unintentionally, by Puritan moralists. In their emphasis on the moral duty of untiring activity, on work as an end in itself, on the evils of luxury and extravagance, on foresight and thrift, on moderation and self-discipline and rational calculation, they had created an ideal of Christian conduct, which canonized as an ethical principle the efficiency which economic theorists were preaching as a specific for social disorders. Not sufficiency to the needs of daily life, but limitless increase and expansion, became the goal of the Christian's efforts. Not consumption, on which the eyes of earlier sages had been turned, but production, became the pivot of his argument. The worship of production and ever greater production — the slavish drudgery of the millionaire and his unhappy servants — was to be hallowed by the precepts of the same compelling creed.

This attitude led to the capitalist contention that the lower classes must be kept in poverty or they would never be industrious. Yet Puritanism has its strength. Without discipline, life becomes chaotic and meaningless; and without effort, nothing worthwhile can be achieved. Moreover, it has always supported the individual and his personal endeavours, has always valued personal character, and in spite of Calvin's authoritarianism, it has rarely favoured tyranny. Without its leavening, would the modern world with its dazzling promises have been possible? On the other hand, as Tawney wisely concludes: "If economic ambitions are good servants, they are bad masters. Harnessed to social purpose, they will turn the mill and grind the corn. But the question, to what end the wheels revolve, still remains."

During the sceptical eighteenth century, the landed aristocrats at least were able to avoid work and were in the enviable position, by living off rents and hosts of retainers, to lead the leisured life, take the Grand Tour and patronise the arts and crafts. With Rousseau, in revolt against the Age of Reason, Romanticism was born with its advocacy of the simple life led close to nature where the independent artisan was the happiest of men. In *Émile*, the work on education he considered his best, Rousseau was half-way towards Ruskin and Morris in his advocacy of enjoyable handicraft:

Man in society is bound to work; rich or poor, weak or strong, every idle citizen is a thief... I do not like those stupid trades in

which the workmen mechanically perform the same action without pause and almost without mental effort . . . The trade I would choose for my pupil, among the trades he likes, is that of the carpenter. It is clean and useful; it may be carried on at home; it gives enough exercise; it calls for skill and industry, and while fashioning articles for everyday use, there is scope for elegance and taste.

In spite of his Swiss birth and his belief in labour, Rousseau was no joyless Puritan. If he were alive today he would surely support my general thesis, for he wrote:

Pleasure is ours when we want it; it is only prejudice which makes everything hard to obtain, and drives pleasure from us. To be happy is a hundred times easier than it seems. If he really desires to enjoy himself, the man of taste has no need of riches; all he needs is to be free and to be his own master. With health and daily bread we are rich enough.

Voltaire, in sharp antithesis to Rousseau, whom he hated, supported the virtues of urban life in which men worked hard with the aid of science towards progress and an organised, even luxurious, society; as he believed: "*Le superflu, chose très nécessaire.*" In *Candide* Pangloss declares: "Man was not born for repose," while Martin agrees that "work without arguing about it is the only way to make life endurable," and concludes with the famous adage: "Let us cultivate our garden." Indeed, Voltaire loved his work so much that he declared that one should live to work, not work to live. Here in the attitudes of both Rousseau and Voltaire lie ambiguities in the meaning of the word Work which today urgently need clarification. Largely a semantic problem.

D'Holbach even proposed that everyone should be forced to labour, while Grosthuysen in 1778, on the eve of the French Revolution, wrote: "The need to work is not a penal sentence: it is a decree of a Father who makes all creation tributary to our needs." Wesley, founder of Methodism and one of the great evangelical revivalists, was another workaholic and his creed still has millions of supporters. He planned every minute of his day methodically. He presented over 40,000 sermons in his life, some lasting over three hours, and at the age of 85 was still delivering an average of ten sermons a week with much hard travelling on horseback in between. He wrote to a pupil: "You, who have not the assurance of a day to live, are not wise if you waste a moment." Dr. Johnson, being a thoroughly civilised man, complained: "I hate to meet John Wesley. The dog enchants you with his conversation but he is always obliged to go at a certain hour. This is very disagreeable to a man who loves

to fold his legs and have his talk out, as I do."

At this time Locke, who turned religion into a kind of commercial contract, was celebrating labour as the source of all economic values and was therein supported by Adam Smith, who turned economics into a supposed science. Hegel, who glorified the State, took the same line, and so, of course, did Marx, Engels and all the Socialists who, although they preached liberation from exploitation, relied on the Labour Theory of Value — that all wealth springs from human work. To them, work became almost a metaphysical religious rite in which Hammer and Sickle replaced the Cross. So it was also to be under the regimes of Stalin, Mussolini, Hitler and Mao.

The nineteenth century became the murky Dark Age of the Ethic of Toil and expanding America became its Holy Land. A perceptive book, *People's Capitalism: The Economics of the Robot Revolution* (1976), by Dr. James Albus, comes to conclusions that are remarkably similar to those of Douglas, although he avows that he had never heard of Douglas when he wrote his book. He comments:

There is no doubt that the Puritan work ethic once served America well. Dedication to the principle that everyone should pull his own weight through hard work made it possible for a powerful and industrial nation to rise from a primeval wilderness in less than four centuries ... We cling dogmatically to the work ethic and the labor theory of value when the truth is that labor has become a relatively small and rapidly diminishing factor in the production of material wealth.

In Britain, Samuel Smiles, a typical Victorian provincial philistine, who was born at Haddington near Edinburgh, significantly the town that cradled John (Monstrous-Regiment-of-Women) Knox, wrote the great gospels of Toil: *Self Help, Thrift, Life and Labour*, and the *Lives of the Engineers*, all underlining the virtues of ambition, *laissez-faire*, and ceaseless, remorseless activity. A year after the author's death in 1904, *Self Help* had sold a quarter of a million copies, had been translated into many languages, and had even had extracts from it displayed on the walls of the Khedive's palace in Egypt. Seventeenth-century Puritanism had returned by way of the Evangelical Revival, and we are still suffering its effects.

In those Victorian times, John Ruskin was among the sensitive intellectuals who were appalled by the miseries of the millions being sacrificed at the altar of the work ethic. In perturbation at the horrors he saw all around him, he turned from art to social reform, and he fulminated thus in *Stones of Venice* against the approach of Smith and Ricardo, and their Labour Theory of Value:

We have much studied and perfected of late, the great civilised invention of the division of labour; only we give it a false name. It is not truly speaking, the labour that is divided, but the men — broken into small fragments and crumbs of life ... And the great cry that rises from all our manufacturing cities, louder than the furnace blast, is all in very deed for this — that we manufacture everything there except men; we blanch cotton, and strengthen steel, and refine sugar, and shape pottery; but to brighten, to strengthen, to refine, or to form a single living spirit, never enters into our estimate of advantages.

With the decline of deep religious conviction, work alone was left as a religious relic, indeed almost as a surrogate to fill the aching void left by Darwin, of loss of faith. The virtue of work-for-work's sake is still sincerely felt by millions in spite of the developments that are rendering the belief obsolete. Therein lies yet another of history's paradoxical jokes. The ethic has robbed men of much aesthetic delight through the years and its effects on the environment have been, and continue to be, devastating; the few lovely cities of the Renaissance have been degraded into tourist museums while the labour-camp blight sprawls all around them and all over the globe. To the Puritan, art has always been suspect as a lure of the Devil, and should therefore either be inhibited like sex or be iconoclastically destroyed; at its best it is mere frivolity, a time-, energy- and money-wasting cosmetic, an optional extra barely to be tolerated, rather than what it truly is: the very stuff of civilisation, the task of which "lies in adding to what may be loved." (W.R. Lethaby)

The Modern Movement in architecture may be seen as a residue of the Puritan's repression of joy. Now an endless eczema of discouraging squalor pock-marks the world from London to New York, from Glasgow to Berlin, from Moscow to Hong Kong, where, in the lines of Gerard Manley Hopkins:

Generations have trod, have trod, have trod; And all is seared with trade, bleared, smeared with toil.

It is my belief, and one which few architects or town planners will yet accept, that the solution to our architectural, environmental and broadly ecological problems is not primarily of an architectural or planning nature at all, but is far wider and deeper. The environment emerges as one expression of our false philosophy and the economic situation which that upholds; architects and planners are merely agents. No amount of restrictive legislation can improve matters; it can only worsen them into complete sterility.

Even in the last century some indomitable hedonists were protesting against the prevailing work ethic which has sired our ghastly

environment. William Morris, like Ruskin but unlike Carlyle, desired a return to the enjoyable work of the mediaeval craftsman, but a plea for true leisure was made by that lovable Victorian, Richard Jefferies, in *The Story of My Heart*:

Is ideal man, then, to be idle? I answer that, if so, I see no wrong but a great good. I deny altogether that idleness is an evil, or that it produces evil, for I am well aware why the interested are so bitter against idleness — namely, because it gives time for thought, and if men had time to think their reign would come to an end. Idleness — that is, the absence of the necessity to work for subsistence — is a great good. I hope succeeding generations will be able to be idle. I hope that nine-tenths of their time will be leisure time; that they may enjoy their days, and the earth, and the beauty of this beautiful world; that they may rest by the sea and dream; that they may dance and sing, and eat and drink. I will work towards that end with all my heart. If employment they must have — and the restlessness of the mind will insure that some will be followed — then they will find scope enough in the perfection of their physical frames, in the expansion of the mind, and in the enlargement of the soul. They shall not work for bread but for their souls . . . Let me exhort every one to do their utmost to think outside and beyond our present circle of ideas. For every idea gained is a hundred years of slavery remitted.

And here are some noble words of Oscar Wilde in a serious mood in *The Soul of Man*:

It is mentally and morally injurious to man to do anything in which he does not find pleasure, and many forms of labour are quite pleasureless activities and should be regarded as such ... All works of that kind should be done by a machine. And I have no doubt that it will be so. At present machinery competes against man. Under proper conditions machinery will serve man ... The fact is that civilisation requires slaves. Unless there are slaves to do the ugly, horrible, uninteresting work, culture and contemplation become almost impossible. Human slavery is wrong, insecure and demoralising. On mechanical slavery, on the slavery of the machine, the future of the world depends.

Wilde, like Jefferies, was to some extent echoing the thoughts of Ruskin and Morris, but on the whole the Victorians fervently supported the work ethic. Thomas (man-was-created-to-work) Carlyle endorsed it with Calvinistic rigour while Ruskin and Morris believed that work, if it is creative, provides the highest and most lasting form of happiness that man can find. They have a strong point there, not least in believing that the division of labour and mechanisation have destroyed the pleasure of personal achievement in work. To them, ethics lay in aesthetics, in that appreciation of beauty which is unique to mankind. Ruskin thought rightly that puritanism led to the

destruction of art and the creative spirit; work should not be, as Carlyle believed it should, a painful, ascetic penance but a happy fulfillment through individual artistry and craftsmanship. Both Ruskin and Morris returned nostalgically and romantically to the Middle Ages, to a time when art and craft flourished and the individual, in spite of the social hierarchy of feudalism, was a free man by virtue of his enjoyment of his work in co-operation with others, as in the building of the great cathedrals and the lovable village churches that served as focal points of a coherent culture.

It was, of course, a dream, because life for most people at that period was short, plague-ridden, brutish and extremely uncomfortable. Morris expressed his views, not only in his own activities, but in his writings, notably about his charming Utopia in *News from Nowhere*. He was properly concerned with architecture and the man-made environment which he saw as products of our attitude towards work. Utility and art must coalesce; factories must be set in gardens tendered by the workers themselves who would thereby achieve pride in their work-place and have contact with the earth and the rhythm of the seasons. Yet Morris's attitude towards machines was ambiguous. He hoped eventually men would realize the limitations of mechanisation and would return to handicrafts from preference. He hoped, too, that elaborate machines would lead to a simplification of life which, in its turn, would result in a voluntary restriction of machine production. He saw that machines could be useful for some requirements and would thereby leave a man free to think or "to carve the handle of his knife," but hoped that modern factories, which he hated, would be replaced by Banded Workshops, places where people collect who want to work together in the practice of handicrafts.

"That thing which I understand by real art is the expression of a man of his pleasure in labour" is one of Morris's well-known definitions. No doubt he would have despised the precious self-consciousness of modern art, which has become a specialist activity bearing little relationship to daily life, is appreciated only by a handful of sophisticates, and is set on a pretentious and artificial pedestal — now mainly a business concern of investing money as a hedge against inflation.

Leisure, declared Hobbes, " is the mother of philosophy," and with that idea in mind, Morris wrote wisely and well:

I suppose that this is what is likely to happen: that machinery will go on developing with the purpose of saving men labour, till the

mass of people attain real leisure enough to be able to appreciate the pleasure of life ... and begin to find out what it is they really want to do. They will soon find out that the less work they did (the less work unaccompanied by art, I mean) the more desirable a dwelling-place the earth would be.

He was saying, in effect, that we must pass from mere recreation to full creation. Who can disagree with that? Many have scoffed at Morris, yet he came near the truth about the meaning and value of work in life — that it should give pleasure to the individual and be of value both to himself and to the community. In that sense, work is no longer toil but play: *homo faber* becomes *homo ludens*. Nearly two centuries ago, Schiller was articulating this approach in his *Letters on the Aesthetic Education of Man* in which *Spieltrieb*, the urge to play, is a way of fulfillment and liberation in the supreme moral condition of lawfulness without laws. In our own century, Marcuse has seen Schiller's approach as the basis for a new civilisation to be achieved through a cultural revolution. In his *Eros and Civilisation* (1956), Marcuse describes the transformation of work into play by means of art:

Once it has really gained ascendancy as a principle of civilisation, the play impulse would literally transform the reality. Nature, the objective world, would then be experienced primarily neither as dominating man (as in primitive society) nor as being dominated by man (as in the established civilisation) but rather as an object of 'contemplation.'

Camus, too, took the view that work that is willingly done becomes both art and play. I do not know if Marcuse was aware of the writings of Douglas, but the following words of his render him at least an Honorary Social Creditor:

The excuse of scarcity, which has justified institutionalised repression since its inception, weakens as man's knowledge and control over nature enhances the means for fulfilling human needs with a minimum of toil. The still prevailing impoverishment of vast areas of the world is no longer due chiefly to the poverty of human and natural resources but to the manner in which they are distributed and utilised.

The supreme moral condition of lawfulness without laws sounds like ideal anarchism, yet the attitude of anarchists on the whole towards work, mostly based on the notions of Proudhon, has tended towards puritanical asceticism. Yet William Morris, close friend of Kropotkin, was a near-anarchist, and Kropotkin, a vowed anarchist, produced some ideas that are close to Social Credit. He repudiated the call of

labour politicians for "the right to work" in favour of the right to well-being. He also saw, as Douglas did, that imperialism with its warring and conquest was the result of underconsumption at home. As the Prince wrote in *The Conquest of Bread* (1906):

We export the necessary commodities, and we do so because the working men cannot buy with their wages what they have produced and pay besides the rent and interest to the capitalist and the banker.

Still more perceptive was Kropotkin's remarkable statement, foreshadowing Douglas's A plus B analysis (see Chapter 6) which proves why mass purchasing-power must always remain in short supply under the present system of debt finance:

The evil of the present system is therefore not that the surplus value of production goes to the capitalists . . . The surplus value itself is but a consequence of deeper causes. The evil lies in the possibility of a surplus value existing instead of a simple surplus not consumed by each generation; for that a surplus value should exist means that men, women and children are compelled by hunger to sell their labour for a small part of what this labour produces, and above all, of what their labour is capable of producing.

Unfortunately, Kropotkin did not expand these seminal statements, but in this century Sir Herbert Read declared his belief in both anarchism and Social Credit in his *Essential Communism* (1935). Another Social Credit advocate of the thirties, the sculptor Eric Gill, extended Morris's concepts in such declarations as "industry without art is brutality," and in that he was demolishing the romantic idea of the isolated artistic genius. We are all artists, he said:

The artist is not a special kind of man, but every man is a special kind of artist . . . Art is that work and that way of working in which man uses his free will. A civilisation based on the doctrine of free will naturally and inevitably produces artists. In such a civilisation all men are artists and so there is no need to talk about it.

Gill's advocacy of Social Credit is evident in his delightful little illustrated work *Money and Morals* (1937) where he wrote:

Modern finance imposes on us a totally unnatural privation ... The wage system is really a slave system. The factory workman is not a responsible human being, responsible for what he makes. He is only responsible for doing what he is told. He has been reduced to a sub-human condition of intellectual irresponsibility. He is only a man in his spare time ... it is because a man has free will that he is a man, and not because he has twenty dinners a day and forty motor cars.

The key question of our day is: **Do we live to work, or do we work to live?** We are confusing means with ends — "the essence

of sin" as St. Athanasius warned. Joseph Conrad had the right approach: "I don't like work — no man does — but I like what is in work — the chance to find yourself. Your own reality — for yourself, not for others — what no other man can ever know." Why, Professor Gomberg has asked, "must we depend upon a whirling dervish economy keyed to compulsive consumption?", and here is the late Dr. Erich Fromm in his *Art of Loving* (1976):

For the last few centuries man has been obsessed by the idea of work, by the need for constant activity. He is almost incapable of being lazy for any length of time. This contrast, however, is only apparent. Laziness and compulsive activity are not opposites but are two symptoms of the disturbance of man's proper functioning. The opposite of both is productiveness. Man has created such sources of mechanical energy that he has freed himself from the task of putting all his human energy into work in order to produce the material conditions for living. He could spend a considerable part of his energy on the task of living itself.

George Orwell, famed for his *Animal Farm* and *Nineteen Eighty-Four*, came to a cynical conclusion about the return to handicrafts advocated by William Morris, a return which would, in fact, now be possible not *in spite of* the machines but *because of* them. In *The Road to Wigan Pier* he wrote:

The citizen of Utopia, we are told, coming home from his daily two hours of turning a handle in the tomato-canning factory, will deliberately revert to a more primitive way of life and solace his creative instincts with a bit of fretwork, pottery-glazing, or handloom-weaving. And why is this picture an absurdity — as it is, of course? Because of a principle that is not always recognised, though always acted upon: that so long as the machine is there, one is under an obligation to use it. No one draws water from the well when he can turn on the tap ... Hence the absurdity of that picture of Utopians saving their souls with fretwork. In a world where everything could be done by machinery, everything would be done by machinery. Deliberately to revert to primitive methods, to use archaic tools, to put silly little difficulties in your way, would be a piece of dilettantism, or pretty-pretty arty and craftiness. It would be like solemnly sitting down to eat your dinner with stone implements. Revert to handwork in a machine age, and you are back in Ye Olde Tea Shoppe or the tudor villa with the sham beams tacked to the walls.

Orwell believed that the effect of mechanical progress is "to frustrate the human need for effort and creation," and he wrote with characteristic force: "Above the level of a third — or fourth — grade moron, life has got to be lived largely in terms of effort ... Cease to use your hands and you have lopped off a huge chunk of your consciousness." Orwell seems to have despaired of the future and

he gives no helpful answer to the work-leisure dilemma. To destroy all machines and revert to hand labour is a far more Utopian and impossible ideal than the more hopeful one of *News from Nowhere*. Orwell's approach seems surprisingly philistine, almost Doublethink, and he seems more in favour of Carlyle than of Ruskin, Morris and Gill. Why deride handicrafts with the emotive word Fretwork? A hand-made object made with loving care and of unique design has a value and a beauty that no machine can ever achieve, and many crafts can be greatly helped by using modern artifacts as well as hands. Orwell died before the advent of the silicon chip, or he might not have suggested that even the daily two hours in the canning factory was any longer necessary. Must leisure occupation be confined to fretwork, potting and weaving? There Orwell was remarkably unimaginative. Music alone can happily fill a lifetime; so can sport, the art of healing, architecture, sculpture, painting, gardening, cooking, play-acting, writing, academic study, and a thousand other fulfilling activities.

The point missed by Orwell is that leisure activity is merely self-chosen work-in-play in which self-discipline and not imposed discipline must serve its part if anything worthwhile is to be achieved. We are still not distinguishing clearly between activities forced on us by Nature and those forced on us by other men — that is between Natural Work and Artificial Work. The first, which has been essential to survival through most of history, is no longer much needed; the second is unnecessary, servile and degrading. Of course, everyone needs "work" in the sense of meaningful activity that gives him a purpose and a role in life, but now it can become self-chosen. That is the essence of the matter. The idea that a man works purely for the pay-packet must be abandoned. The old, arbitrary dichotomy between Work and Leisure must be seen as false, for leisure need not consist solely of circuses, telly, bingo and the pools — or fretwork.

Full leisure is still regarded as the rare privilege of the few fortunate ones who enjoy private incomes. Inflation and taxation have eliminated most of them, and from that no one has benefited, even if private incomes may seem unfair. Many famous people (Darwin for one) who in the past have lived on unearned incomes have enormously contributed to our Cultural Inheritance and they have more than balanced the parasitism of the indolent. Douglas wrote sensibly on this matter:

It is hardly an exaggeration to say that 85 percent of the ideas and inventions to which mankind is indebted for such progress as has

been so far achieved, can be directly or indirectly traced to persons who by some means were freed from the necessity of regular, and in the ordinary sense, economic employment, in spite of the fact that such persons have never been more than a small minority of the general population. Even where transcendent genius has been able to overcome the limitations of financial stringency, it is probably that the results achieved have been nothing like those which would have enriched the world had those barriers been non-existent,

Now mechanisation is making possible the payment, by the state, of private incomes to all. Who knows what remarkable benefits that may eventually bring? It is a common belief that human beings are lazy by nature. Why, then, are children so rarely lazy? Laziness is, in fact, an abnormal condition, a symptom either of poor physical health or of mental pathology. One of the most unbearable forms of mental suffering is boredom and the wish to relieve its pain is the finest incentive to apply energy in some meaningful way. As Douglas once remarked:

People will do the most extraordinary things in the name of pleasure, and they are ready to do these things because they are not compelled to do them. Otherwise it is quite inconceivable to suppose that anyone would put up with having his nose rubbed in the mud on a cold, wintry afternoon in a game of football.

It is not sloth that drives people long distances at week-ends to dig out and refurbish old, derelict canals in a muddy frenzy of enthusiasm without monetary award, or entices men and women on hazardous, lonely, and uncomfortable voyages in small boats around the world.

One objection to universal leisure that often arises is that no one would be willing to do the dirty work which, even in the most advanced community, would be required to some extent. The answer is that unpleasant chores that must be done should be well paid to provide an incentive. Another incentive would be that of status, social prestige and general approval of those who altruistically help the community: the reservoir of goodwill in the world is, I believe, enormous, but under the existing monetary restrictions it can too rarely be tapped. Another possibility is universal conscription for a brief period of life for all fit people as a democratically accepted social service, on the assumption that all unenjoyable labour would be reduced to the minimum by technical means as soon as possible.

Another objection is that many people dislike and fear not only change of any sort but freedom itself. Certainly to those who have never enjoyed freedom's exhilaration, it can seem alarming. Aristotle

believed that many men were slavish by nature and on losing one set of chains at once sought another, or forged a new set for themselves. In Dostoevsky's *Brothers Karamazov*, the Grand Inquisitor remarks that what men dread most is freedom of choice, being left without guidance to grope their own way in the dark, and that the Church by lifting responsibility from their shoulders makes them willing, grateful, and happy slaves. Hobbes took the line that men seek neither happiness nor liberty nor justice but, above and before all, security. No doubt some truth lies there as history indicates in its melancholy way — not least recent history — but it may also be true that if economic insecurity is removed the fear of freedom will vanish and the relishing of liberty will become accepted by all as the basis of existence. I repeat: Changed conditions change men.

A third objection might be that mankind is constituted to struggle and that, if the struggle is removed and survival becomes too easy, men will decay in listless apathy. That is a reasonable fear. Yet life will always remain tragic since we all must die, and it will always present its problems, difficulties and dangers. We are adaptable. In any case, how can we escape a leisured future, even if we would, except through social upheaval, tyranny and war? I believe that the fear is groundless and that the liberty of leisure is essential to civilised living, or I would not be writing this book.

But, now, what exactly *is* civilisation, and how can this desired state be achieved?

Chapter 4

WHAT IS CIVILISATION?

Increased means and increased leisure are the two civilisers of man.

— Disraeli

You may disagree with the economic views of the late, influential Lord (John Maynard) Keynes, an Establishment figure, but in his *Essays in Persuasion* (1963) he did write reasonably if somewhat fearfully on the vexed question of leisure:

The economic problem, the struggle for subsistence, always has been hitherto the primary, most pressing problem of the human race. If the economic problem is solved, mankind will be deprived of its traditional purpose. Will this be of benefit? If one believes at all in the real values of life, the prospect at least opens up the possibility of benefit. Yet I think with dread of the re-adjustment of the habits and instincts of the ordinary man, bred into him for countless generations, which he may be asked to discard within a few decades ... Thus for the first time since his creation man will be faced with his real, his permanent problem — how to use his freedom from pressing economic cares, how to occupy his leisure, which science and compound interest will have won for him, to live wisely and agreeably and well.

To live wisely and agreeably and well is a civilised aim. Yet what does that imply? The word civilisation is not easy to define. Even Lord Clark in his famous television talks and his book *Civilisation* based upon them, limited himself to "a personal view of how Western Europe evolved after the collapse of the Roman Empire and produced the ideas, books, buildings, works of art and great individuals that make up a Civilisation." What *is* civilisation? he asks, and replies:

I don't know, but I think I can recognise it when I see it ... It means that at certain epochs man has felt conscious of something about himself — body and spirit — which was outside the day-to-day struggle for existence and the night-to-night struggle with fear; that he has felt the need to develop these qualities of thought and feeling so that they might approach as nearly as possible to an ideal of perfection — reason, justice, physical beauty, all of them in equilibrium ... Western Europe inherited such an ideal. It had been invented in Greece in the fifth century before Christ and was without doubt the most extraordinary creation in the whole of history ... However complex and solid it seems, it is actually quite fragile. It can be destroyed. What are its enemies? Well, first of all fear —

fear of war, fear of invasion, fear of plague and famine, that makes it simply not worthwhile constructing things, or planting trees or even planning next year's crops. And fear of the supernatural, which means that you aren't question anything or change anything. The late antique world was full of meaningless rituals, mystery religions, that destroyed self-confidence. And the exhaustion, the feeling of hopelessness which can overtake people even with a high degree of material prosperity.

The Roman Empire in decline seems like our own times, for now mystery religions abound, including, one could say, those of financial orthodoxy and the myth of the Common Man. Civilisation, Lord Clark concludes, "means something more than energy and will and creative power . . . A sense of permanence . . . Civilised man must feel that he belongs somewhere in space and time; that he consciously looks forward and looks back."

A succinct and appealing definition is that of the historian Johan Huizinga, author of *Homo Ludens* (1970): "Civilisation is rooted in noble play," but the only book I know which has boldly tried to analyse the word is Clive Bell's *Civilization* (first published in 1928 and reprinted as a Pelican 1947). In clarifying what civilisation is not, Bell writes:

Neither a sense of the rights of property, nor candour, nor cleanliness, nor belief in God, the future life and eternal justice, nor chivalry, nor chastity, nor patriotism even are among the distinguishing characteristics of civilisation, which is, nevertheless, a means of good and a potent one.

Bell expects civilisation to contain those last acquisitions of humanity: self-consciousness and the critical spirit, and ultimately to be the result of education. Elaborate mechanical contrivances are not of its essence and political institutions may, or may not, be means of achieving it. He selects for investigation three periods recognised as highly civilised: first, the Athenian from the battle of Marathon in 480 BC to the death of Alexander in 323 BC, that is the age of Plato, Aristophanes, Praxiteles and Aristotle; secondly, the Italian Renaissance between the death of Boccaccio in 1375 to the sack of Rome in 1527; thirdly, the *Grand Siècle* in France from the death of Mazarin in 1660 to the French Revolution in 1789.

He finds that the two most important characteristics common to all three periods are a Sense of Values and Reason Enthroned.

Now, a sense of values would indicate, for example, a preference for a liberal rather than a purely technical education, or one that teaches how to live rather than how to gain. Reason, most importantly, breeds a sense of the supreme value of the individual and a distaste not only

for the herd but even for the State which the civilised man must always regard at its best as a dangerous makeshift.

In all three epochs, as well as aesthetic delight, both visual and literary, and the love of philosophy, artists, craftsmen and scholars were particularly respected, and so were intellect, experiment and discovery. From a sense of values spring humour, good manners, open-minded tolerance, scepticism, willingness to listen to what others have to say, and a hatred of dictatorial methods and all forms of brutality. The civilised being is no Philistine, for he will value art, thought and knowledge for their own sakes and not merely for their practical utility or commercial possibilities — living richly rather than being rich. The puritan Philistine, having a poor sense of values, wants to know what is the *use* of art and speculation and pure science; the reply that they are means to emotional states of the highest value and intensity does not impress him.

Scepticism combined with a willingness to converse upon and debate without rancour or intolerance any subject under the sun is another mark of the civilised human being, and that trait was evident in each of the three periods. Civilised people can talk about anything both earnestly and in fun, and they are rarely solemn. That is why the eighteenth century declared war on superstition and on religious dogma and intolerance, for curiosity about all things grows stronger as civilisation grows. Bell comments:

The frank enjoyment of all life has to offer is the privilege of the completely civilised. To enjoy perfectly a man must have cleaned himself from taboos; he must be free from prudery, superstition, false shame, and the sense of sin. This, reason alone can do for him. Since pleasure is not bad in itself, there can be no reason for being ashamed of any pleasure; and if there are any pleasures in which a civilised man decides not to indulge, it is not because they are bad. but because their consequences are. Reason is the moderator.

Civilised ages were never bound by the clock. As Socrates pointed out, time is made for slaves. To be civilised, according to the Athenians, a man must be free from material cares and it would never have occurred to them that anyone would willingly subject himself to the penances either of work or money-making.

In his last chapter called, "How to make a Civilisation," Bell indicated ways in which we could encourage civilised living in this barbaric age, and he goes some way towards the Social Credit method. Whether he had studied Douglas's ideas, I do not know, but presumably he met such contemporaries in his world to whom they appealed as T.S. Eliot, Ezra Pound, Augustus John, A.R. Orage, Herbert Read

and Eric Gill. Stressing that civilisation requires a leisured class, and a leisured class requires slaves, he advocates the deliberate formation of a leisured elite which would be in a position to bring a civilising influence on the rest of the community. It would be recruited from the top boys and girls in the state schools, or simply by ballot at birth. These individuals would be supported by the state all their lives on unearned incomes, not in luxury but in security, and nothing would be required of them to justify their incomes or their existence; they would be entirely free to do what they chose.

That is an entertaining idea which the author himself can hardly have believed to be practicable, but he was making an important point of principle. Silicon chips had not been invented when Bell wrote his lively thesis. Although he declared that he would prefer a civilisation based on liberty and justice without the need for wage-and-salary-earning workers, he missed the full facts of the economic situation in which, even a generation ago when he was writing, machines could have accomplished many of the chores of life. He missed the notion that a private income — and an ever-increasing one — could be given without obligations and as a birthright by the state to all citizens, over and above any earnings, so that conditions would arise in which every individual would be free to enlarge his own faculties. And there perhaps, in a sentence, lies a definition of the word Civilisation.

The big question now arises: Can an agreeable civilisation develop without the nourishing soil of some binding, guiding and conformist religious cult? Is our world degenerating not so much as a result of an unworkable monetary mechanism as of the lack of such a cult? To discuss religion in a work ostensibly about economics in general and money in particular may not seem germane. It is, in fact, deeply entangled with our philosophical arguments in that, although financial adjustments may be scientific and mathematical, economics as a whole is not a science so much as a branch of moral, even aesthetic, philosophy because it deals ultimately with human values. Economics cannot be properly studied without a previous examination of the values by which a society lives. Clearly we need a new civilisation. Can it be achieved purely by philosophical and financial means without religious form? I trust so, but I do not know.

Bell implies that his three peaks of civilisation were all sceptical about anthropomorphic gods and about religious creed of some sort. Under pressure of the sword Christianity changed the world and in devious ways produced the modern age. One of its products was

Voltaire who cynically supported religion because "it is necessary to put a god into mouths to serve as a bit and bridle," while Napoleon, who was no believer and had a vague idea that the soul was an electric force, thought that without a religion under the control of the government the mob would turn desperately to anything. Bernard Shaw said the same in his preface to *Androcles and the Lion*: "Government is impossible without a religion." But Freud dismissed the matter with brutal brevity: "Religion is a public neurosis, neurosis is a private religion."

Not without reason, Marxism has been called a Christian heresy. Its founder, born a Jew of parents converted to Christianity, became an active atheist, believing that religion taught the masses acquiescence in hardship and exploitation and that if only they would rise in justified revolt, their material needs would be met and then religion would disappear. Religion was, in Marx's well-known phrase "the opiate of the people." Less well-known is the addendum: "the sob of the oppressed creature, the heart of a heartless world." All religions have had their tyrannical aspects and some truth may lie in Marx's view. Moreover, in a state where men can live long and fulfilled lives, death without promise of another life beyond, as so many religions preach, would be more bearable without that promise than in one where life is brief and nasty.

Many questioning Christians have accepted and propagated Social Credit ideas, and Douglas himself declared that they were Applied Christianity. The late Dr. Temple, Archbishop of Canterbury, for example, stated: "I am inclined to agree with the Biblical saying that work is a curse. If you have the money, you can have leisure, but if you have no money, it's unemployment. Personally, I'm rather doubtful about this blessing of work." And in his book *The Hope of a New World* the Primate wrote:

It cannot be justified in modern conditions that the Banks should in order to meet national need, create credit which earns interest for themselves. The State must resume the right to control the issue and cancellation of every kind of money. Till that is done, a body within the community will control what is vital to the community, and that is a false principle.

Pope Pius XI stated in *Quadragesimo Anno* 106-9:

It is obvious that in our days wealth and immense power have been concentrated in the hands of a few men . . . This power becomes particularly irresistible when exercised by those who, because they hold and control money, are also able to control credit and decide to whom it shall be allotted. In that, they supply the life-blood, so

to speak, of the whole economic body. They have their grasp on the very soul of production, so that no-one dare breathe against their will.

Soon after that was published, the Jesuit Father Drinkwater announced in a sermon: "Until the money and credit question is faced, it is not much use bothering about anything else." Here also are some words from a booklet published in 1962, *The First Report of the Christian Doctrine of Wealth Committee of the Congregational Union of Scotland*, known as the *Dundee Report*:

There has grown up the idea that any employment is better than none, and that the primary object of an economic system is to provide employment. It cannot be emphasised too strongly that the primary object of an economic system is the best possible use of available natural and technical resources for the satisfaction of human needs and the promotion of human well being . . . We therefore conclude that society will be forced increasingly to distribute the means of livelihood among its members other than by way of paid employment so that men may develop their God-given talents to the mutual benefit of themselves and the community as a whole . . . The aim must be the development of the whole spiritual man — or, as the layman might put it, 'education for leisure.'

Joseph Pieper, Roman Catholic, has opposed the ascetic element in Christianity in his *Leisure, the Basis of Culture*, an essay published in 1952 with an introduction by T.S. Eliot. There Pieper refers to Aristotle's "We work in order to have leisure," and then he quotes Plato:

But the Gods, taking pity on mankind, born to work, laid down the succession of recurring feasts to restore them from their fatigue, and gave them the Muses, and Apollo their leader, and Dionysus, as companions in their feasts, so that nourishing themselves in festive companionship with the Gods they should again stand upright and erect.

Although I write as an agnostic, the following words of Pieper epitomise much of what I am trying to say in this book:

The tendency to overvalue hard work and the effort of doing something difficult is so deep-rooted that it even infects our notion of love . . . At the zenith of the Middle Ages it was held that sloth and restlessness, 'leisurelessness', the incapacity to enjoy leisure, were all closely connected; sloth was held to be the source of restlessness, and the ultimate cause of 'work for work's sake' . . . It is only in and through leisure that the 'gate of freedom' is opened and man can escape from that closed circle of that 'latent dread and anxiety' which a clear-sighted observer has perceived to be the mark of the world of work, where 'work and unemployment are the two inescapable poles of existence' . . . The world of 'work' and of the 'worker' is a poor,

impoverished world, be it ever so rich in material goods ... Leisure is only possible when a man is at one with himself, when he acquiesces in his own being. It is an attitude of mind, a contemplative attitude ... not a Sunday afternoon idyll, but the preserve of freedom, of education and culture, and of that undiminished humanity which views the world as a whole.

Those fine views are not generally supported by the Churches which still tend to foster the belief in Rewards and Punishments and the Ethic of Work. Now three interwoven aspects of the orthodox Judaic-Christian tradition — apart from its asceticism already discussed — surely need to be reconsidered: the status of women, the human exploitation of nature, and the lack of its rationality in the light of what we now know.

The subjugation of women has persisted ever since the sex war became a religious battle that ended when the Mother Goddess of fertility, the muse of the poets who had ruled for thousands of years, was dethroned by such martinets as the jealous and wrathful Jahweh. If the women who later heard Christ's teaching that Love was more important than the Law believed that their emancipation was near, St. Paul quickly disabused them: "Let your women keep silence in the churches . . . They are commanded to be under obedience, as also saith the Law."

Although love is felt by both sexes it is, I believe, founded on the essentially feminine emotion that stems from the age-old protective affection of a mother towards her child. Unfortunately, the Father and Mother figures — the Yin and Yang — the tough and the tender — the intellectual and the intuitive — have long since been divorced. The Jewish-Christian belief, still held by millions, that the deity is a dominating, punitive, outsize male personage serving as the image of Man and possessing the awful power of infinite espial has cut us off from our original sense of the interdependence of Yin and Yang and of all life. In his *Art of Loving*, Erich Fromm has commented wisely on this male diety:

Quite obviously, the majority of people have, in their personal development, not overcome this infantile stage, and hence the belief in God to most people is the belief in a helping father — a childish illusion. In spite of the fact that this concept of religion has been overcome by some of the great teachers of the human race, and by a minority of men, it is still the dominating form of religion ... If the social structure is one of submission to authority - overt authority or the anonymous authority of the market and public opinion, his concept of God must be infantile ... Modern Man is alienated from himself, from his fellow men, and from nature ... God has been

transformed into a remote General Director of Universe, Inc.

We must return in our beliefs to a support of that tender, protective feminine loving that sees the cosmos whole and demands neither domination nor submission. As Briffault wrote well in his remarkable life-work *The Mothers* (1925):

We live in a patriarchal society in which patriarchal principles have ceased to be valid . . . Upon women falls the task not only of throwing off their own economic dependence, but of rescuing from the like thralldom the deepest realities of which they were the first mothers . . . Power, energy, ambition, intellect, the interests of the combative male, no more achieve the fulfilment of his being than they can of themselves build up a human society.

Was this subjugation of the feminine the reason why man came to assume so arrogantly that he stands above the rest of life in order "to multiply and subdue the earth" — an assumption that can brutally destroy for good and without a qualm whole ecological systems surviving in a delicate balance? The history of male-dominated Christianity has not been edifying. The enormities of the Crusades, the Pogroms, the Inquisition and the burning alive of heretics have not precisely accorded with Christ's feminine Gospel of Love. Dean Swift seems to have been right: "We have just enough religion to make us hate, but not enough to love each other."

That brings us to our third needed reassessment of religion: its irrationality. The whole concept of the Jewish-Christian cultus that has led us into modern times has been full of contradictions and anomalies. How, for a start, can the Old Testament and the New in Holy Writ, however seductive its language, be logically reconciled? How can the vengeful god of the Jews be the same character as the loving and forgiving god of the Christians? Why, in the last analysis, can a personal god who is both all-merciful and all-powerful not prevent life's *lacrimae rerum*? Why did He create Satan? Because He has given men free will to choose between good and evil, answer the pundits. But what can they reply to reminders of the huge, indiscriminate slaughters in Acts of God such as earthquakes, plagues, famines, or the death of innocent and helpless infants in agonising disease? As for free will, it can be argued that it is an illusion. If a creator exists, who created the creator? How can an invisible intelligence create a visible universe? If God planned that Man should disobey him, did He not *want* him to disobey? Theology poses more questions than it answers.

In this age of confusion what are we to believe? If the cosmos

has a purpose, we do not know what it is. It may have no purpose. Why should it? We like to attribute purpose to it in the way of the pathetic fallacy because we ourselves have an inexplicable built-in biological purpose: Survival. Should we depend now not on any God-given tablets but on reasoned decisions as to whether or not the actions we take will enhance life on this planet? As Major Douglas observed in a memorable aphorism: "That is moral which works best." Of ultimate realities we know nothing, and as Professor Haldane wrote in his *Possible Worlds*: "My own suspicion is that the universe is not only queerer than we suppose but queerer than we *can* suppose." Has Dante's *Divine Comedy* now been played out? Perhaps the curtain began to fall when Galileo (finally pardoned by the Pope in 1979) expressed his findings about the solar system. It came half-way down with Newton, and the fringe touched the floor in the last century with geological discoveries and Darwin's *Origin of Species*.

Darwin's impact has been immense. It has shown us that the living world must henceforth be seen not as a complete, sudden and divine creation but as a flux of chance, struggle, emergence, adaptation and natural selection. In modern times, Professor Jacques Monod, molecular biologist, head of the Pasteur Institute and a Nobel Prize winner, has assessed the religious situation with bold Gallic logic in his *Chance and Necessity* (1972), a title derived from a saying by Democritus: "Everything existing in the Universe is the fruit of chance and necessity." Monod points out that natural selection operates upon the products of chance and knows no other nourishment; but it operates in a domain of very demanding conditions from which chance is banned. We should now relate that knowledge to thought as a whole, but we are not doing so. We are deriving the "ought" from the "is", not least in Marxism where the Divinity has become the mythical Worker or Common Man. We are still pretending to a source of values that does not exist, and that is the cause of the sickness that threatens us. We are afraid to face the facts, but if we do not wake from our nightmare we are likely to commit genetic suicide.

The gravest danger in modern societies, even worse than the population explosion, the destruction of the natural environment, and the nuclear stockpile, declares Monod, is the sickness of spirit that arises from the conflict between objective knowledge and the animistic religious tradition, between facts and values — a conflict which, although Monod does not say this but should be willing to concede it, is most blatantly expressed in our monstrous monetary mechanism.

The prodigious developments of knowledge over the past three centuries, declares Monod, are forcing man to make an agonizing reappraisal of his concept of himself and his relation to the world, a concept rooted in him for tens of thousands of years. He calls for a new Ethic of Knowledge as the basis for future civilisation, an Ethic that has discarded all religious myths which are in conflict with what we know; our world of values should no longer be constrained by the absolutes of some dominating deity; we must begin to rely on our own judgements.* In his enlightening *Steps to an Ecology of Mind* (1978), Gregory Bateson sums up the matter:

If we continue to operate in terms of a Cartesian dualism of mind versus matter, we shall probably also continue to see the world in terms of God versus man; elite versus people; chosen race versus others; nation versus nation; and man versus environment. It is doubtful whether a species having both an advanced technology and this strange way of looking at its world can endure.

Is this schizophrenic conflict, then, between subjective myth and objective science the reason why we cannot apply a rational solution to the glaring world problem of wealth distribution? Shall we all now have to accept that we are microbes living alone on a minute ball of rock in the indifferent immensity of the cosmos from which we have emerged only by accident? The thought is not a cosy one; yet by accepting it we could without illusions begin to make the best of our world in a more intelligent way.

In physics, all has become uncertain, yet all seems to be one. We can no longer think in terms of separate absolutes of mass, space, velocity and time. Space, time and motion now seem to be interwoven, interacting and inseparable. As Bertrand Russell wrote: "Matter is a convenient formula for describing what happens where it isn't." Now the apparently inexplicable effects between distant bodies noted by the experimenters in parapsychology seem to mirror the equally mysterious synchronisation of distant events — action at a distance — that occur in quantum phenomena. Are we on the edge of discovering some deep, new revelations of reality? The age-old cry of wonder, "Why does *anything* exist?" is Heidegger's basic metaphysical

*Monad's Ethic of Knowledge is not a new concept. Socrates said: "All virtue is one thing: knowledge." Plato echoed him in his *Republic*: "All virtue is knowledge." As Bacon specified in his *De Augmentis Scientiarum* (1623), we must apply knowledge "to give ourselves repose and contentment and not distaste or repining." The true purpose of science in every sphere must surely be to make the world a better and a happier place in which to live.

question. Shall we ever find an access to this *Mysterium Tremendum*? Something must have existed before life appeared on the insensate earth a billion years ago, but it cannot have been as we conceive it with our limited but creative five (or is it six?) senses. Without their limitations and selectivity we would live in inconceivable chaos.

Yet, obviously, we do uncover some relative realities or the applications of scientific theories could not work their practical miracles — and disasters. Einstein calculated that energy equals mass multiplied by the square of the speed of light. Hence Hiroshima. It worked.

Niels Bohr remarked to Werner Heisenberg: "When it comes to atoms, language can be used only as in poetry." Base matter is turning out to be surprisingly spiritual stuff. We can throw away the old dualism of Descartes — between life and matter, mind and body, man and god — because matter, we now understand, is as mysterious and ephemeral as life and consciousness. Matter no longer seems to have any mechanical solidity. Yet the more we know, the less we understand. At the same time, the more we can marvel, and as Goethe remarked: "The very summit of man's attainment is the capacity to marvel." Einstein put it this way: "You will hardly find one among the profounder sort of scientific minds, without peculiar religious feeling of his own that takes the form of rapturous amazement at the harmony of the natural law."

In *The Dancing Wu Li Masters* (1980), Gary Zukav brings science and religion into focus. He points out that modern physics no longer analyses reality into stable substances but into a dance of interconnected energies that cannot finally be analysed in words and concepts, and cannot be viewed by an independent observer, since both observer and observed are part of the entire and ever-changing pattern. This surely is the view of Buddhism, which is a philosophy rather than a religion in the accepted sense in that it does not accept a godhead.

Dr. Fritjof Capra, who studies particle physics at the University of California, has said the same thing. In a fascinating discussion on BBC Radio Four in 1982 (reprinted in *The Listener*, 11 and 18 March) entitled "Einstein and the Buddha" he pointed out that our modern view, originating in the seventeenth century with the rise of science, that the world is a machine made of separate objects is false, for the sub-atomic scientists now see that the basis of matter is not a set of separate, isolated physical entities of minute size so much as a set of interconnected relationships forming one dynamic

network, one whole, in which the observer is himself an affective part.* Nothing in the universe can be separated from the rest; everything reacts on everything else and separateness is an illusion. The universe dances, it vibrates, and nothing is static or unchanging, declare both the oriental mystics of old and the modern physicists. Science is, in fact, undergoing a profound change towards this holistic, ecological view, and if we do not soon accept this view we are likely either to blow ourselves up or to poison ourselves by poisoning and destroying the environment on which we depend.

As even most agnostics, atheists and humanists would admit, our universe does seem to cohere in a great synthesis held in order by immutable and universal natural laws — even if we have yet to discover GUT, the Grand Unified Theory which Einstein hunted without success. Through life, the cosmos is able consciously to observe some aspects of itself, for we are, quite literally, made of star-dust.

Our having come to see things as separate instead of interrelated and reacting may be another reason why we still regard money as being in itself a solid reality that is separate from solid wealth. Whatever beliefs and values may develop in the future, the basic condition for living "wisely and agreeably and well" was given by Douglas in his *The Control and Distribution of Production*:

The only possible method by which the highest civilisation can be reached is to make it impossible for either the State or any other body to apply economic pressure to any individual.

Let us now see how economic pressures have been applied through the centuries by the use and abuse of that man-made abstraction of mathematical digits called money.

*See also Capra's remarkable *The Tao of Physics* (Fontana, 1985)

Chapter 5

MONEY IN THE PAST

Money is like muck, not good except it be spread.

— Francis Bacon

Who makes it? How much do they make? How does it get where? The first question, however, is: What *is* money? It has been defined as "anything, no matter of what it is made, which people will accept in exchange for goods and services."

Money need have no intrinsic value in itself and, provided it is not abused, it is a most convenient invention because it can take the place of barter which is cumbersome. It facilitates trade and cooperation, it allows the individual freedom of choice in purchasing, and also his reservation of the right to purchase. The modern world could not operate without money; indeed, it could not have come into being without it. But if its creation and cancellation are monopolised and its purchasing power is restricted, as it is now, it can bring civilisation to an end.

The weakness of barter is that the value of the commodities to be exchanged is difficult to assess. A farmer may want to exchange his surplus of cows for a new threshing machine, but if the man who owns the machine does not want to sell it at that moment, the farmer is in a fix. Hence, the advantage of money, in that a price can be set, say in metal coins, which both buyer and seller accept as being fair, and the seller can then use the money to buy what he needs at once from a variety of sellers, or he can save it to do so at some future time.

Money can also be a liberator because, in a monetary economy, a man is free to sell his labour for a wage and can thereby pick and choose his employer; he can also withdraw his labour if he wishes. That has been a great human advance. Under some situations, slaves have been able to buy themselves out of bondage and, at the close of the Middle Ages, the spread of money into the countryside from the towns helped to abolish manorial serfdom.

"The propensity to truck, barter and exchange one thing for another," Adam Smith believed, is as old as humanity; even the Kremlin cannot stop it entirely. To exchange a surplus you do not need for something you do need is a reasonable procedure and, in spite of the convenience of money, barter still goes on vigorously,

for it allows the individual legally to bypass the tax system. A large organisation has indeed been formed in the United States to extend and rationalise barter, and that clearly indicates that money is not doing its proper job. Barter is a clumsy procedure at its best, but at present it does at least overcome the general shortage of purchasing power to some degrees. So also does the illegal selling of goods and services for cash payments in order to avoid income tax; such transactions are now believed to amount in Great Britain to a third of all exchanges. Yet, although purchasing power may thus be increased, laws that are broken like this by common consent must be bad laws and that is another indictment of the whole system.

As our Cultural Inheritance has grown, money has become ever more important in daily life. Until the Renaissance at least, most people did not need much money; barter and self-subsistence were enough, for life was mainly agricultural and it was self-contained in village communities, where you might, for example, pay the miller to grind your corn, not with money tokens but with part of your grain.

Yet the use of money goes back a long way and it has taken a wide variety of forms. One old form was cattle or leather discs, each of which represented a head of cattle; cattle served as a monetary standard of value in Homeric times, as they still do today in parts of Africa and, significantly, the word pecuniary derives from *pecunia*, Latin for money, which in its turn comes from *pecus*, Latin for cattle. Cowrie shells, corn, furs, salt, hides, mats, cloth, bricks, beads, oil, wine, fish-hooks, feathers, dogs' teeth, knives, spades, swords, tobacco, opium, bullets and even wives have all been used as money. Playing cards have also been used, for in 1664, when an insufficient number of coins were in circulation in Canada to pay the royal troops, M. de Meules, Administrator of New France, boldly created the required money by signing playing cards marked with a certain figure and putting them into circulation. During the Great Depression in the United States in 1933, wooden "nickels" were issued to the unemployed with which they could buy food, while during and after the Second World War cigarettes, chocolates and soap were widely used in Europe as alternatives to local currencies.

For more than five centuries, money made of wood relieved the English kings of debts. It was implemented about the beginning of the 11th century by Henry I, fourth son of William the Conqueror, and it consisted of sticks of linden or hazel called Tallies. The sticks, about eighteen inches long, were numbered and notched and then split in two, one half being made as payments for public projects,

Court supplies and salaries to royal servants, the other half being kept in the Treasury vaults. When taxes were paid in these tallies, they had to match their relevant halves held at the Treasury according to their notches, so ingeniously preventing counterfeiting.

Ornaments of gold, silver, copper, bronze, and precious stones have been made since early times and could always be used as money. Gold in particular has been valued, not only because it is rare, is malleable, and does not corrode, but because it is bright, yellow and shining like the Sun, giver of life. It is a mythical material and is often mentioned in the records of religion and folklore. Throughout history, no more than some 100,000 tons of gold have been mined, and most of that is still around, about half of it in the vaults of the world's central banks. Being heavy material to move about, and costly to guard, the tendency now is to leave it where it is, and merely to assign its ownership on paper. Why then, it might be asked, could it not all be left in the ground and the cost and travail of mining it saved? Gold has few practical uses, but it is still a common basis for money, although it is no longer regarded as essential to it.

Gold and silver tokens eventually drove most other forms of money off the field after the concept of cutting metals into uniform pieces of specific weights stamped with their digital values led to coinage — probably first used in China as long ago as 1091 BC. Rulers soon realised the importance of coinage and took its manufacture and control into their own hands. Croesus, for example, minted coins of electrum, an amalgam of gold and silver, at the start of his reign in Lydia in 561 BC, but he later introduced bimetallism of coins made separately of gold and silver having between them a fixed rate of value. Apart from mythical animals and other devices, the heads of rulers have been stamped on coins since early times as a guarantee of their authentic value — of their credibility or credit-worthiness. But kings, always in need of money for their palaces and armies, developed a bad habit of defrauding the public by debasing the gold and silver of their coinage, often with grave economic consequences, mostly inflationary. Roman emperors often did so and, although money grew less important after the collapse of Rome, in the Middle Ages kings, barons and Church, struggling for power, set up mints which were frequently fraudulent, while private swindlers would tamper with the coins or forge them, even at risk of having their heads held down in boiling water in the Christian spirit of the times. Some clipped off the edges of coins until that was prevented by the introduction of the milled edge; others sweated coins

with chemicals to purloin the metal from their surfaces, a kind of physical inflation.

The quantities of gold and silver available have affected prices and markets throughout the centuries. As far back as Alexander the Great, the supply of gold from Thrace lowered the value of the metal and thus of the gold coinage; so did the *thalers* (whence dollars) from the silver mines in the Harz mountains in the sixteenth century and, in particular, the gold filched from the natives of South America and brought to Europe after the Discoveries. Inflation always resulted. Now, the first requirement of money, whether wares, Cowrie shells, coins or paper, is acceptability. That has never been a great problem. The second requirement is stability of value, and that has always been a problem, and remains so more than ever today, for it renders the links between purchasing power and real wealth unpredictable.

Gold coins have continued as legal currency right into our century, together with coins made of lesser metals for smaller denominations such as silver, copper and nickel. In England, gold sovereigns and half-sovereigns were in circulation up to 1914, and gold was legal tender for any amount in payment of debts; paper money could then be converted into gold coins without question and such coins and gold bullion could be sent out of the country anywhere by anyone without restriction. The value of the English Golden Guinea had been fixed in 1719, on the advice of the Master of the Mint, Sir Isaac Newton, at 21 silver shillings, and that value persisted until 1914. But all the gold in the world would not have paid for the First World War, and at its outbreak paper money took over. Nevertheless, the old mystique of gold survives, and gold bars are still used between nations as media of exchange and in settlement of debts, although now in a somewhat arbitrary manner. Monetary myths, like religious ones, die hard. (Here the curious question arises: When central banks buy gold, with what do they pay? They simply take the gold from the mining companies, mostly in South Africa, and write a cheque on themselves, a cheque that costs them nothing except a slip of paper and some ink. Payment is made, in fact, by Promises to Pay.) Except in South Africa, gold is no longer used as currency, but only paper and the small coins of metal which now rarely contain the value of the metal of which they are constituted; they are merely tokens made of some relatively cheap amalgam.

The lending of money at interest, commonly called usury, is as old as the use of money. Both the Babylonians and the Greeks formed money-lending banks, and right back in 3000 BC, as inscriptions have

revealed, Babylonian temples accepted deposits and made loans. In the Jewish book of *Nehemiah*, we read the lament: "We have borrowed money for the king's tribute, and that upon our lands and our vineyards ... and lo, we bring into bondage our sons and daughters to be servants ... neither is it in our power to redeem them for other men have our lands and our vineyards." Here is graphically described the age-old connection between taxation and usury, for the king's tribute could only be paid by borrowing at interest; here, too, is seen the age-old connection between usury and enslavement.

The ancient Greeks organised "credit" transfers between cities in order to avoid the hazards of shipping coins of gold or silver, though coins were the normal means of exchange within cities. Such credit transactions became recognised later in Roman law. The method arose again in the Italian towns in the late Middle Ages and after, although it had been used to a limited extent in the twelfth century through oral instruction. Of course, these early bankers did not create deposits, as they do now; they merely transferred deposits by written agreements from one person, or one place, to another, taking a fee for the service. Or they lent money they already possessed.

Under "Usury" in the 11th edition of the *Encyclopaedia Britannica* we read that in Athens around 594 BC: "The bulk of the population who had originally been small proprietors or metayers, became gradually indebted to the rich to such an extent that they were practically slaves. Usury had given all the power of the State to a small plutocracy." The same thing happened in ancient Rome: "The mass of people were yeomen living on their own small estates ... In the course of two or three centuries the small free farmers were utterly destroyed. By the pressure of war and taxes they were all driven into debt and debt ended practically, if not technically, in slavery." Ferrero's work *The Greatness and Decline of Rome* makes clear that the Empire was broken by usurers; prices oscillated, commerce languished, men fled from the tax-gatherers, fields decayed, towns rotted, and the barbarian routs began. The picture seems disturbingly ominous. (Professor J.D. Unwin in his *Hoplusia* (1940) examined 80 energetic civilisations and found that they all collapsed, as ours now appears to be doing, as a result of monetary abuse.)

The Old Testament confirms the injunction against usury many times; *Deuteronomy*, for instance, commands: "thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury." If often accompanied by a wink, usury was frowned upon by the mediaeval Church. In 1139, for

example, the Second Lateran Council declared: "We condemn the disgraceful and detestable rapacity of usurers". The Koran, like the Old Testament, is firmly opposed to usury.*

In the middle of the fourteenth century the authorities often fined money-lenders for usury, and at the century's end they forbade all money lending by Christians but allowed Jews into the cities to help business along. The Church at that time, in fact, supported the healthy belief that using money as a commodity — making money from money — was unnatural, and that money should be used solely as a means of exchanging goods and services. The Council of Lyons of 1274, for example, forbade anyone to rent a house to a usurer and denied to usurers confession, absolution and Christian burial unless they mended their ways, while the Council of Vienne of 1312 imposed the horror of excommunication on any ruler who legally permitted usury within his state. As Professor Tawney wrote in *Religion and the Rise of Capitalism*:

True, the Church could not dispense with commercial wickedness in high places. It was too convenient. The distinction between pawnbroking, which is disreputable, and high finance, which is eminently honourable, was as familiar in the Age of Faith as in the twentieth century; and no reasonable judgement of the medieval denunciation of usury is possible unless it is remembered that whole ranges of financial business escaped from it altogether. It was rarely applied to the large-scale transactions of kings, feudal magnates, bishops, and abbots. It was even more rarely applied to the Papacy itself. . . . As a rule, in spite of some public qualms, the international money-market escaped from the ban on usury.

*With the current revival of religious fundamentalism in the oil-rich Islamic countries, this point is of concern. The new Islamic banks act ostensibly according to the ancient veto of the Koran: "Allah hath permitted trading but forbidden usury Those who return to usury shall be given to the fire and therein they shall abide for ever." So Islamic banks charge no interest on their loans and pay no interest on either current or deposit accounts. They invest in business and pay a share of any profits to their depositors who thereby take a risk — a risk which is flexible. Thus is Mammon made acceptable to Allah. However, the banks of Islam do make charges for their services and, presumably, like their Western counterparts, they either create new credits on the base of their cash deposits, or they support the debt system through the offices of the banking oligarchy of the West. Significantly the big Islamic banks are centred in Geneva. Whatever goes on, the rulers of Islam must in some way be co-operating in the fraudulent, and international creation of universal indebtedness with its curtailment of the community's purchasing power — a curtailment which is increased by investment of private savings. The ultimate sin of all banking is not so much usury in itself as the creation of false and irredeemable debts.

Aristotle wrote with common sense on usury in 350 BC: "Money, being naturally barren, to make it breed money is preposterous." The financial corruption, based on the breeding of the Church leaders (not least the Popes), in the later Middle Ages brought the protest of the ardent St. Brigitta when in Rome: "The Ten Commandments have been converted into one: 'Bring hither the money!' " With its bribes, tithes and indulgences, the Church had become in effect a huge protection racket, and this was the chief cause of the Protestant revolt.

In 1290, Edward I expelled the Jews from England, and they were not allowed to return until Cromwell's time. So an old source of royal borrowing was lost, and other means of raising money had to be found. Edward III had recourse to the Florentine bankers, some of whom settled in London, as Boccaccio's *Decameron* relates. But City merchants would also lend money in spite of the religious rule against usury. Speculation became rife and it was then that modern capitalism was born, mainly in the expanding wool trade.

In the thirteenth century, Leonardo Fibonacci brought the Arabic numeral system from North Africa, and double-entry (debts and credits) book-keeping began, bringing more order to accountancy. By the fifteenth century, the European money market was mainly in the hands of the Italians so that in 1470 in Florence alone, 32 banking firms were in existence, three of which — the Bardi, the Peruzzi, and the Medici — operated internationally. At that time, a merchant was often also a banker who might resort to deferred payments and to money-lending. Or he might procure money by making out a bill on a foreign market where, in fact, he had no credit. (See Iris Origo, *The Merchant of Prato*, 1957.)

With the Reformation, the money centre shifted from Italy to the Low Countries. Antwerp grew into the pre-eminent financial capital of the new civilisation that emerged after the Discoveries, and the bill on Antwerp became the most common form of international currency. Other cities also became important as financial centres, including Bruges, Venice, Lyons, Amsterdam, Frankfurt and London. Amsterdam eventually became the main money centre so that the term Dutch Banking was common and often used pejoratively. Then, in the eighteenth century, after the formation of the Bank of England in 1694, the centre crossed to London. Today it is in New York.

The major fortunes of the Reformation were made less by industry than by financial manipulations and speculations, and on the question

of usury the new Protestant leaders were at loggerheads. To Luther, business gain and usury belonged to the Devil and were to be shunned by all true Christians. On these matters, Luther and Calvin were poles apart. In spite of his rigour, Calvin, as we have seen, accepted the new institutions and supplied the individualistic commercial and financial classes with a convenient and stimulating creed.

Most money is now made of paper, either as printed slips or in pages of books. This is convenient because coins are heavy, difficult to transport in bulk, and easily stolen. Early in the thirteenth century, the Emperor Frederick the Second found a substitute for gold during a gold shortage by issuing coins of stamped parchment bearing his promise to pay in gold on demand; this was a kind of bank-note issue. It appears that promises to pay on parchment were used even earlier than that by the Carthaginians, while the Chinese first used paper money in the sixth century. The Chinese have also used tallies of bamboo, and it was in China during the eleventh century AD that Kubla Khan authorised large-scale issues of paper notes with which to pay his soldiers, who, in their turn, forced them on the regions they had conquered. Marco Polo describes the elaborate ceremony which accompanied each issue of these notes, and he was the first European to point out how convenient paper can be in financing an economy.

But paper money became truly established with the Lombardy goldsmiths in the seventeenth century, the most powerful of them being Florentines. They were the true fathers of modern banking to the extent that they did not merely lend money they held, but, for the first time in history, they began to create it out of nothing but pieces of paper. They were thus much less restricted than their minting and coin-lending predecessors in the amounts they could lend and were able to make loans far in excess of the resources they held in their vaults. Their strong-rooms had to be well guarded against thieves, so there the wealthy deposited their gold plate, coins and other portable riches for safekeeping. The smiths issued receipts for this wealth and these could be used as money because they would be accepted by anyone who felt sure the depositor was trustworthy and the goldsmith was solvent. The recipient could always "cash" the receipt at the goldsmith's premises if he wished. So these receipts went from hand to hand as a form of bank-notes. The goldsmiths then realised that they could issue more "receipts" than the coins, gold objects and other valuables they were guarding because their owners never called for their return all at the same time; the vaults were always well

stocked. So, just like the modern commercial banks, they were creating paper money out of nothing. It was a confidence trick then and it is one now. The goldsmiths were taking a certain risk, of course, since a sudden if unlikely descent of all the owners of paper receipts to claim their wealth if they felt insecure would render the goldsmiths liable to more payments in kind than they could meet. So it is in modern banking, for a sudden rush to withdraw cash by depositors in a so-called "run" will bankrupt a bank. That has been a frequent event in the past when not only bankers themselves were ruined, but most of their depositors too. This rarely happens now because the system has been regularised and centralised and the whole fraternity will support acceptable brethren at moments of crisis. Today, banks can safely lend anything up to at least thirteen times the value of their cash deposits. (The word bank, incidentally, comes from a Teutonic word meaning bench or table.)

The oldest surviving record of money being deposited with a goldsmith in London is dated 1633 and after that the practice became fairly common, for in 1640 Charles I seized all the gold deposited at the Mint in the Tower of London, where the wealthy kept their riches for safety, in order to pay his troops; thereafter, the well-heeled thought it wiser to place their gold and other valuables in the custody of those proto-bankers, the goldsmiths. At first, the goldsmiths' receipts were promises to pay a named depositor, but in 1670 the words "or bearer" were added and so paper notes could pass from hand to hand like coins.

In 1672, Charles II ruined a number of London goldsmiths when he suspended payments of his debts. Being a man of intelligence, perhaps he understood the basic fraudulence of their loans. That monarch was always "plagued by a penury of pecune" and resented the way in which this was tying his hands, not least during his war with Holland when the Dutch fleet was able to sail up the Medway unmolested because he was broke; the navy victuallers had refused more credit, and the British ships, unprovisioned and unequipped, could not move from their moorings. Right into the nineteenth century, goldsmiths' paper notes were still circulating and the place-name Lombard Street in the City keeps their memory alive.

Of course, if trade and industry are to prosper, sufficient money must be created by someone in some form, and the goldsmiths' system did aid the expansion of commerce that occurred in the seventeenth century, just as the gold from the Americas had been a stimulus to Renaissance trade — and it was to be in the mid-nineteenth century

with the discoveries of gold in California and Australia, and at the end of the century with the gold rush in South Africa.

In time, other forms of paper money came into being, notably the cheque which could be inscribed with any desired sum made payable to any specified person or organisation and guaranteed by the signature of the payer. This safe and convenient system began in England early in the last century. A cheque is merely an order to pay signed by the customer of a bank who has money to his credit there, instructing the bank to pay someone a certain sum of money. Paid into a bank, stamped and endorsed with a signature, it becomes a receipt. The paper cheque is by far the most important form of money now. The deposit in the customer's name may be actual cash or bank notes deposited there, or by cheque payments from other people, or an overdraft or loan allowed by the bank, supported by some form of tangible security or guarantee. Now, such an overdraft is, as we shall see, a new creation of money by the bank. Banks do not make their major profits by lending other people's money at a higher rate than the interest they pay on deposits, as is generally supposed. When banks lend money to customers, they create it at virtually no cost to themselves and charge interest on that. Yet they produce no real wealth of any sort.

Paper money is like a railway ticket. The only difference between a £1 note and a railway ticket is that the latter is effective demand for one particular thing, whereas a £1 note is a ticket which is effective demand for anything marked with the price of £1. Both are made of paper and both are tokens, having no value in themselves. As we have seen, all kinds of things have been used as money tokens, but paper now dominates. Today, our money consists of $1\frac{1}{2}\%$ coinage, $4\frac{1}{2}\%$ bank notes, and 95% credits in the form of books entries and cheques which are now being increasingly manifested as electric impulses in computers.

We are confused about the distinction between paper money and real wealth, a confusion exemplified by the strange Waterlows case. In 1924, Artur Reis, a Portuguese adventurer, conned the famous London printing firm of Waterlows into believing that the Portuguese government wanted them to print 500-Escudo bank notes worth £1 million. The firm had already produced such genuine notes before and held the necessary plates. The new "money" was duly printed, delivered and invested in Portuguese and other concerns by Reis and his fellow conspirators. This produced a mild but stimulating Keynesian inflation in Portugal which harmed no one, but the swindle

was discovered and the Portuguese government sued Waterlows in an English court for a restitution of £1 million. Waterlows pleaded that their liabilities were no more than the paper involved in printing the notes, since, if the money was fake, it could not be worth £1 million. In the end, the firm lost £610,392 plus legal costs of £95,000 and Reis spent 20 years in prison. Was his action any more criminal than the actions of the legalised banking system?

Look now more closely at that system. The answers to the four questions that opened this chapter are beginning to emerge.

Chapter 6

THE CANCER OF DEBT

**He thought he saw a Banker's Clerk
Descending from the bus.
He looked again, and found it was
A Hippopotamus.
"If his should stay to dine," he said,
"There won't be much for us."**

— Lewis Carroll

Money has always been hard to come by, as rulers have so often known to their chagrin, believing it to be, as did most of their subjects, a rare commodity (often gold) rather than a ticket system. Our William III was one of them for he was taken in when the so-called Bank of England was founded in 1694.

By making its first loan to the government, (mainly to finance nine years of warring), the Bank of England initiated the National Debt and took the goldsmiths' confidence trick a stage further on a bolder scale. According to its chief founder, William Paterson, a Scot who was rumoured to have been a pirate: "The Bank hath benefit of interest on all monies it creates out of nothing." Could not the King have created monies out of nothing without charging the nation any interest? By falling for the scheme he relinquished his sovereignty and that of all future monarchs and governments.

The Bank Charter Act of 1694, officially called the Tonnage Bill, passed through the Commons without a division. Paterson was frank about its sleight of hand, for he wrote:

If the proprietors of the Bank can circulate their own foundation of twelve hundred thousand pounds without having more than two or three hundred thousand pounds lying dead at one time or another, this bank will be in effect as nine hundred thousand pounds or a million of fresh money brought into the nation.

The Bank Charter Acts of 1819 and 1844 were to consolidate more firmly this centralised paper power of the Bank of England. William (Ploughboy-to-Parliament) Cobbett (1762-1835) was among the few who denounced the ramp, protesting thus with characteristic vigour:

I set to work to read the Act of Parliament by which the Bank of England was created, and all the Acts about loans, and funds, and dividends, and paying off, and sinking funds, and I soon began to perceive that the fate of the kingdom must finally turn upon what should

be done with regard to the accursed thing called the National Debt. I saw how it had beggared and degraded the country. The sum at first borrowed was a mere trifle. It deceived by its seeming insignificance. But it was very far from being intended to stop with that trifle. The inventors knew well what they were about. Their design was to mortgage, by degrees, the whole country, all the lands, all the houses, and all other property, and even labour, to those who would lend their money to the state. The scheme, the crafty, the cunning, the deep scheme, has from its ominous birth been breeding usurers of every description, feeding and fattening on the vitals of the country, till it has produced what the world never saw before — starvation in the midst of abundance.

Now the National Debt, which is mainly owed to the commercial banks, began as "a mere trifle." It was a small loan from the Bank of England to the government of £1,200,000. By the end of the Napoleonic Wars, the National Debt had risen to £820 million. By 1946, after two world wars, it stood at more than £23,000 million. In 1982, it had reached the staggering figure of £100 billion. Up to recent years, most of the Debt was raised by governments to pay for our wars, but recently it has risen wildly, partly as a result of inflation and partly to finance nationalised industries and to cover other government expenses. The fearful may well ask: By what year will the total national income equal the interest due on the National Debt? (We are still servicing debts raised for the Napoleonic wars. Indeed, the Treasury still pays "annuities" on loans raised by Charles I — that is half a century before the Bank of England was founded.)

The ignorant argue that the National Debt, whatever its size, does not matter because "it is money owed to ourselves." But only a small part of it is owed to individuals in the form of invested savings, such as those issued by the Post Office — perhaps a tenth part at the most. Individual ownership, which is perfectly valid, has never been more than 20 percent of the Debt. A few foreign holders own a small part of the rest, but the bulk of it has been created out of nothing by the internal banking system. Although the fact is never mentioned by the media, even on Budget Days, the first charge in every annual Budget is the interest payable on the Debt. That consumes a huge amount of the taxes we pay, far more, for instance, than we spend on education. It may have a legal right to exist, but not a moral one. At the rate of 17 percent in 1981, we were paying from our taxes some £12,000 million a year to service the National Debt, which is equivalent to a tax of about £1,000 a year for every family of five in the country.

Some years ago, I tried to discover exactly who owned the National Debt. I expected this to be an easy matter, but I was soon disillusioned. The Treasury supplied a few vague comments covering part of the Debt and when asked to whom the remaining trifling sum of some £12,000 million was owed, they innocently replied that they did not know but presumed it was owed to organisations and individuals not listed in their previous letter. I then telephoned the National Debt Office and, in reply to my question, an amiable voice answered: "Ah, that's a tricky one. We don't know; our job is dealing with the paying off of the Debt" (as though it could ever be paid off under present dispensations.) "But," the voice advised, "try the Bank of England. They manage the Debt."

I phoned the Bank of England, and, after causing much bewilderment and switch-board work, I finally held a female voice which told me that my question would require some research but they would do their best to give me an answer the following day. I explained why I wanted to know and that, as a taxpayer, I felt I had a right to know. Weeks passed and then one day a resplendent messenger arrived on my doorstep and presented me with a document marked Private and Confidential. It told me that the information I was seeking might be found in three publications: *The Annual National Debt Return* (HMSO, 1957), *The National Debt Examined* (an article in the *Midland Bank Review*, August 1953), and a book by Norman Macrae, *The London Capital Market; its Structure, Strains and Management* (1955). This seemed a strange reply to a direct and simple question, but, after some difficulty, I unearthed and read the documents. They gave me little enlightenment. The book by Macrae told me what I already knew: "The main interest of an analysis of the liabilities and assets of the Bank of England's Banking Department must lie in its description of how creation of bank deposit money by 'resort to the typewriter' has become possible." The author also remarks:

The air of reverence around the bank has, in pan, been deliberately manufactured . . . It is behind and because of this continued barrier of other people's awe that the Bank of England has been able to maintain its reputation as the most secretive central financial institution in the free (sic) world ... Its restrictive attitude to the publication of statistics about its own operations does not make it easier to analyse the way that it performs its allotted role.

The whole structure of banking bears this mystical, almost metaphysical style. It is like a state religion with its powerful priesthood, its lay preachers, marble temples, elaborate liturgy and occult incantations. Take this arcanum for example:

Reflation is an alternative to inflation. When the Central Banks are in the strategic position of manipulating credit it is quite possible — see the action of the Danzig Kronbank in 1934 — by employing sundry well-known techniques such as the inversion of the rediscount rate, and the hazardous but conclusive open-market operations, to bring about an upward movement in values which reacts unfavourably on speculative activities, tends to thaw frozen assets in the commodity exchanges, implements stock movements, attracts gold from abroad, revivifies the climate of opinion, and so arrests the vicious spiral.

That has the typical sound of the pseudo-technical jargon — the ink-fish ejections — we can read every day in the financial columns of the newspapers and in the polemics of the professional economists. In fact, it appears in Stuart Chase's *The Tyranny of Words*, and there is not, says Chase, an atom of meaning in the entire statement. He wrote it himself.

Most of us cling to this religion of money through ignorance, fear and guilt. Who does not enter its temples without an obsequious bow? As Paul Jennings wrote in *The Observer*:

Everyone feels uneasy in a bank. What do banks mean, what are all those girls for in the third and fourth row of pews, what do they all DO after three o'clock? A bank is the point at which the concrete — our money, silver and notes as real as shoes and bread — becomes abstract, strange. Suddenly we are on the brink of a windy abyss, great wings brush us invisibly — CREDIT, INFLATION, EXCHANGE, EQUILISATION; we struggle to see these things as real, but they escape us. We must simultaneously listen to and distrust the priest-class who, in banks, interpret these abstractions to us. Deep inside, protected by heavy teak and stone, uncaring for us, these managers and assistants move like monks, whispering softly, disappearing down corridors, guarding huge mysteries of money. We just kiss the stone mechanically and go home.

The one ritual lacking has been music, but in his imagination Samuel Butler supplied even that in his temples with their stained-glass windows and hidden choirs:

The saving feature of the Erewhonian Musical bank system was that while it bore witness to the existence of a kingdom that is not of this world, it made no attempt to pierce the veil that hides it from human eyes. It is here that almost all religions go wrong.

The iconoclastic purpose of this book is to pierce the veil and uncover the huge mysteries of money — in particular by revealing the spuriousness of all bank-made debts. To return now to the mystery of the National Debt: In the past, most of it, as already remarked, was raised for wars, for during war the internal indebtedness of a

combatant nation grows like a balloon. Suddenly, money has to take second place to the expediencies of reality and as much money as is required is forthcoming from the banks. As a form of camouflage, the public is invited to buy war bonds to finance the war, thus giving the impression that the community, in some strange way no one fully understands, is itself paying for its war. What happens in fact is that individuals can borrow money at a certain percentage of interest from the banks, who create it by book entries, and lend this to the government at a slightly higher percentage as an incentive. So the National Debt grows bloated and it can never be redeemed. We still appear to be paying interest on loans for the Battle of Waterloo. We pay for our wars at the time we fight them in the realities of blood, sweat, toil, tears, and raw materials. Why should we also have to pay for them forever in paper abstractions? With the outbreak of the First World War, a great monetary change occurred: All gold coins were called in and replaced by paper Treasury notes administered by the Bank of England (not then nationalised) which were eventually amalgamated with the Bank of England's note issue in 1928. On the 4th of August 1914, there was a run on the banks and the British population who owned any money suddenly demanded bank notes, or preferably gold coins, for the deposits it had banked. Of course, the banks could not pay them all and became, in effect, bankrupted. A four-day Bank Holiday was declared, all banks were closed, and the bulk of deposits were satisfied by the rapid printing of vast quantities of paper debt money. Professor A.J.P. Taylor comments well on this in his *English History 1914-1945*:

The 1914-1918 War had been paid for while it was being waged; the War Debt was a book-keeping transaction, its only real cost to the Community being the salaries of the clerks who handled it . . . the National Debt had the effect of a snake on a rabbit: it deprived even the most educated of sense.

With justification, Douglas commented in a speech in Belfast in 1936 entitled "Dictatorship by Taxation" (reprinted 1978):

Just as the banks created money out of nothing, so they bought the War Debt for nothing, and our income tax, sur-tax, and death duties are what we pay them for having created and appropriated for their own use the National Debt . . . Taxation is legalised robbery. It merely means a decreased demand upon consumable goods . . . The power of taxation has grown into a form of oppression beside which the modest efforts of the robber barons of the Middle Ages must appear crude.

In 1978-79, the Debt absorbed 4.4 percent of the Gross National

Product in monetary terms. It follows that the annual National Budget, presented with such head-scratching, such acrimony, and such intense public debate, is another of our Grand Illusions, another silly game we play.

To the National Debt must be added all the local authority debts, the interest on which — although rarely admitted officially — we must pay in our rates; they can amount to half or more of the rates collected. As a result of the Debt System, we are drowning in needless taxes, and they include the current 17½ percent Value Added Tax. The hidden extortions that appear in, say, the price of a pair of shoes must constitute a very large part of that price. We are living in a nightmare of taxation, of taxes piled on taxes, which yearly grows more complicated, more incomprehensible, and more draconian.

Up to a few years ago, the commercial banks were as secretive about their activities as the Bank of England and, alone of limited liability companies, were exempted by law from publishing annual statements of accounts. Now they must do so. Yet the vast profits banks make can easily be hidden by astute accountants, and the statements mean nothing to the man in the street. In 1979, a year of conflict, bankruptcies and depression in Britain under the government's so-called Monetarist policy, the commercial banks, at a bank rate of 14 percent, accumulated, according to City estimates, over £1,500 million in a bonanza of profits — and at no cost to themselves. As the nation declines, so the banks flourish the more.

The Bank of England is the country's Central Bank, the bankers' bank. It issues bank notes and the coins it buys from the Royal Mint to the commercial banks, and it is on the basis of the Fiduciary Issue of bank notes, the every-day cash we use, the so-called Cash Base, that the commercial banks (sometimes called deposit banks) create their credits at some twelve and a half times the value of the Cash Base they hold. The Macmillan Report of 1931 put it thus:

By its control over the cash base, the Bank of England is in a position to regulate the volume of bank deposits . . . The deposits of the joint stock banks at the Bank of England are the equivalent of cash, and the banks thus find themselves with more than their usual proportion of cash to deposits and are in a position to grant further loans to their customers, or otherwise to create additional credit.

So we have an inverted pyramid of money. At the base is some gold, used now mainly for balancing of international accounts, but not, for some years, the base on which to issue bank notes. On the top of that are the bank notes and coins and on the top of that, in

its turn, rises the huge volume of paper credits with which most affairs are transacted. The system is basically similar throughout the world, including the USSR.

The Bank of England remained a private company up to 1946 when it was "nationalised." The debt system was then in no way altered any more than was the title of the Bank. From the start, the Bank established the close relationship with the government, through the Treasury, which it has always maintained, and eventually it became the bankers' bank. The other London banks gradually ceased to issue their own notes and came to depend entirely on those issued by the Bank of England, even if for a long time they were called Treasury Notes. In fact, most of the reserves of these banks became, not gold coins, but Bank of England notes. Today, that plethora of small banks which existed at the start of the nineteenth century has long since vanished, either through failure or into the monopolists' joint-stock clearing-house maw. In 1896, for example, Barclays was formed by the amalgamation of fifteen smaller banks. Recently we had the Big Five, but a few years ago these became Four — Barclays, Midland, Lloyds and National Westminster. Today, nearly half the business of these big banks is, directly or indirectly, with the government in proper Marxist fashion, and some 95 percent of their investments lies in British government gilt-edged securities.*

Today, all the central banks shelter under the protection of an international umbrella, the World Bank, otherwise known as the International Bank of Reconstruction and Development (IBRD) which opened in 1946 as an outcome of the United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, in 1944. It works through its affiliates — the International Finance Corporation (IFC), established in the early 1950s, which encourages private investment and initiative outside governmental interference, but is otherwise financed by some eighty central banks, and by the International Development Association (IDA), established in 1960, which gives long-term loans at low interest to finance projects, such as roads and power supplies, to underdeveloped countries. The International Monetary Fund (IMF) was set up at Bretton Woods and began operating in 1947, its purpose being to facilitate international

*The merchant banks are English specialities and originated at the end of the eighteenth century. They are not the same as the commercial, or joint-stock, banks like the Big Four, for they do not create new credits; they are concerned with foreign trading and play a part in marketing new share issues. They also accept deposits and grant loans to enterprises.

financial cooperation. It has some 128 members and is used to support those of its members in temporary financial difficulties, such as balance of payment between nations, and so to help to stabilise exchange rates. The Bank for International Settlements (BIS) is older, having been formed in the early 1930s. With headquarters at Basle, its original purpose was to coordinate international payments mainly arising from German war reparations. It hoped to expand, but its purposes were mostly taken over by the IMF, since when, it has served central banks by making short-term loans. Representatives of seven central banks sit on its board, including that of the UK. All these institutions are, in a sense, bankers' bankers' banks. The whole business seems complicated and impressive, but who knows what really goes on at the various headquarters? A handful of big-wigs no doubt flits between them all, known to one another and to the top men of the national Treasuries.

Very few people realise that this Money Power exists, for they do not understand how banks create interest-bearing debts out of nothing, on the basis of a nation's real-wealth credit. Here are some confirmations carrying authority. Each says the same thing, and there is no need to read them all; one will suffice, to establish the fact, but I want to dispose of all opposition.

*It is commonly supposed that a banker's profits consist in the difference between the interest he pays for the money he borrows and the interest he charges for the money he lends. The fact is that a banker's profits consist exclusively in the profits he can make by creating and issuing credit in excess of the liquid assets he holds in reserve — and in exchange for debts payable at a future time. (H.D. MacLeod in *The Theory and Practice of Banking*, 1883).*

*I am afraid that the ordinary citizen will not like to be told that the banks or the Bank of England can create or destroy money. (Reginald McKenna, in *Post-War Banking Policy*, 1928).*

The amount of money in existence varies only with the action of the banks on increasing or diminishing deposits . . . Every bank loan and every purchase of securities creates a deposit, and every repayment of a bank loan and every sale destroys one. (Reginald McKenna, Chairman of the Midland Bank and one-time Chancellor of the Exchequer, addressing the shareholders of his bank in 1924).

I agree with him (C.H. Douglas) that banks create money, and that trade depression arises from faults in the Banking system in the discharge of that vital function. (Sir Ralph Hawtrey, Assistant Secretary to the Treasury, in a BBC broadcast, 22nd March 1933).

It is sometimes said that the Government 'spends new money into existence', but before it can spend it it has to be created. It is created

by the banks by the simple process of taking up Treasury Bills for bonds, and crediting the Government account for the corresponding amount. When a hard-pressed citizen raises money in credit to pay his taxes, as for any other purpose, new money is brought into existence. The shares or whatever else he pledges as security are not money . . . The loan he receives from the bank in exchange creates an additional deposit upon which he is able to draw. (The Times, 30th September 1942).

It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft or purchasing securities, a bank creates a credit in its books, which is the equivalent of a deposit. (The Rt. Hon. H.P. Macmillan, K.C. — late Lord Macmillan in the "Report of the Macmillan Committee on Finance and Industry," 1931).

*Banks act as "creators of money." (Professor Alan Day in *The Economics of Money*, 1959).*

Banks create credit. It is a mistake to suppose that Bank Credit is created to any important extent by the payment of money into the Banks. (Encyclopaedia Britannica, 14th edition under "Money").

It is the fact that Bank deposits are used as money, which provides the basis for the statement that 'Bank loans create deposits.' The creation takes place when the value of the loan is credited to the customer's account. (Chambers' Encyclopaedia, under "Banking," 1950).

By creating deposits banks create money . . . When the manager of a branch of one of the joint stock banks opens an overdraft account for a customer, the loan creates a deposit; that is to say, a book debt has been incurred to the customer in return for a promise to repay it. (The Penguin Dictionary of Economics, 1979).

*So we have the principle, which is one of the axioms of modern banking, that every increase in lending creates a deposit . . . New money can be created by a net addition to bank lending, and money can be destroyed by a net repayment of bank loans. (E. Victor Morgan in *A History of Money*, Pelican Original, 1965).*

Money in the United States is not only a relatively small amount of cash, but we have primarily the bank deposits . . . this money has been created by the banks through their volition, not through the volition of Congress. (J.H. Rand Jr., President of Remington-Rand Inc.).

*They (the bankers) manufacture Credit by a mere stroke of the pen. (W. Hadley Robinson, Fellow of the Institute of Bankers in his *Money and the Citizen*).*

The banks can create money in the form of bank deposits when

they lend money to businesses, or buy securities. (Money Facts, Committee on Banking and Currency, US Government Printing Office, 1964).

The banks do create money. They have been doing it for a long time, but they didn't quite realise it, and they did not admit it. Very few did. You will find it in all sorts of documents, financial textbooks, etc. But in the intervening years, and we must all be perfectly frank about these things, there has been a development of thought, until today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create credit. (H.W. Whyte, Chairman of the Associated Banks of New Zealand, in his evidence before the N.Z. Monetary Commission, 1955).

No one can any longer deny that banks create money out of nothing. Even the BBC's Money Programme has publicly admitted the fact.* Said Douglas in a speech in Newcastle in 1923:

As the situation stands at present, the banker is in a unique position. He is probably the only known instance of the possibility of lending something without parting with anything, and making a profit on the transaction, obtaining in the first instance his commodity free.

In a lecture, "Money: An Historical Survey," delivered in 1936 at Ashridge Park, Douglas also declared:

The history of money is one long unbroken history of fraud, and this power of money-creation by the banks is the final chapter. In brief, the creation of money, once performed by the producer of wealth, then by the custodian of wealth, who fraudulently issued more paper than the wealth he guarded, has passed to a set of people who neither

*Nevertheless, the BBC often misleads the public about monetary realities, being afraid, no doubt, of rocking our sinking boat. Serious misrepresentations occurred, for example, in the eight-part television series "Whatever Happened to Britain? The Economics of Decline" which was presented in the summer of 1982 by John Eatwell, Fellow of Trinity College, Cambridge. The arguments appear in a paperback of the same title published at the time by Duckworth and the BBC. There Eatwell condemns deflationary Monetarism based on the traditional ideas of Ricardo and others that the *laissez-faire* market can be left to look after itself, and he calls for a form of inflationary Keynesianism with its government interferences, including tariff barriers. He states categorically, "The primary objective of any recovery programme must be a return to full employment," for he does not believe that labour-saving machines and technology, including those of the micro-chip revolution, save labour — which is absurd. Nowhere does he mention the effects of universal, growing and irredeemable indebtedness; he fails to understand how and where money originates, for he makes the astonishing gaff — alarming to hear from a professional economist who is given such wide publicity — that "the role of the major banks is to accept deposits from the public . . . and to lend them out to the public as personal loans, overdrafts and advances to companies." How can we trust these experts?

produce, nor own, nor guard wealth, but are merely bookkeepers . . . I find it incredible that a stable society can persist founded on the most colossal lucrative fraud that has ever been perpetrated on society . . . If we hypocritically claim that the employment system is a moral system and that man must be kept at work rather than choose work, we are sealing the doom of this civilisation.

A product of the bankers' system is the absurd boom-bust, stop-go Trade Cycle and, with that, the alternating inflationary and deflationary policies of passing governments. We recently had a conservative government under our first woman Prime Minister, and its policy has been called Monetarist, which is a desperate attempt to curb the inflationary canter by "not spending more than we earn," a misleading cliché which appears to accept the fallacy that industry creates purchasing-power. So the tail of money continues to wag the dog of production. The policy is against the Keynesian method, long prevailing, of spending government debt-money to stimulate production through inflation. Now the mild inflation Keynes advocated is out of hand, for in the seventies, the governments have been spending five times what they did in the thirties, and without any control of prices. Yet deflation does even more harm than inflation. Why need we be burdened with either? That we have to be plagued by either inflation or deflation is a certain sign that the money system is not doing its job.

Before the war-preparations of the later thirties eased the Great Depression, banking policy was deflationary — and disastrous. Banks like deflation because it raises the interest on the money they create and lend; raising the Bank Rate or Minimal Lending Rate (in November 1979 raised to 17 percent, the highest ever) is an attempt to deflate so that, in theory at least, prices fall. It reduces economic activity and causes high unemployment, one of its aims being to improve exports and the balance of payments with foreigners by reducing purchasing-power at home and thereby reducing home consumption.

Let us try to understand the cause of this seemingly intractable "problem" of inflation, which is, in fact, a huge dispossessive poll tax.* *The Penguin Dictionary of Economics* defines it well as "a process of steadily rising prices, resulting in diminishing purchasing power of a given nominal sum of money." What it means is that money, which should be a way of measuring real wealth production and distribution, has become like a measuring tape made of elastic.

*See p. 76.

Nearly every country in the world is now suffering from inflation; in some cases, as much as 1000 percent a year and more. So spend, spend, spend before the sand runs out. Money is losing its most useful attribute: the right to spend it, where, how, and *when* you wish.

At the moment in Britain, inflation is still running high in spite of the government's attempts to deflate by restraining home demand. As inflation grows, the unions naturally fight for higher wages and these must enter costs, and therefore prices, and so the Vicious Spiral trots and then canters to a point where it may begin to gallop — as it did in Germany in 1923. Then a loaf of bread reached the price of 400 million marks, and men on a building site would stop work every hour to settle the amount of the next hour's wages. In such a situation, everyone is dispossessed of their savings. Was the German inflation rigged? It was certainly a major cause of Naziism.

Inflation discourages saving because money loses its purchasing power; it thereby discourages private investment in industry, reduces production and renewal of improved plant, and leads to higher taxation and of course to vast unemployment. Yet governments like inflation in one way; it reduces the value of their debts. In fact, anyone who is in debt, such as a holder of a building mortgage, benefits from inflation, while those who have saved money and are solvent do not. To those living on fixed incomes or pensions that are not tied to the cost-of-living index, inflation can bring catastrophe. In the end, it benefits no one. A low rate of inflation may not bring dire consequences for it encourages spending and promotes expansion and enterprise, but it can soon get out of hand and produce so-called Stagflation, which is what is depressing us at present with its new combination of stagnation and inflation. The old Trade Cycle seems to be ending in a chronic slump that cannot be resolved by any orthodox means.

The old idea that inflation is caused by too much money chasing too few goods may have been true at the end of the last war, when consumer goods were temporarily in short supply and vast sums of money were in being as a result of non-consumable armaments, but it is not true today. If it were, how are the huge structures of Hire Purchase and Building Society Mortgages to be explained? And why should manufacturers spend staggering sums in the Press and on commercial television in attempts to sell their commodities to the public by advertising (our biggest industry) if those commodities do not exist in stock or if they are not desperately seeking home markets? We are now confronted with two pairs of contradictions in the

incantations of the orthodox economists:

- (i) There is a shortage of consumer goods, so we must work harder.
- (ii) Production is outstripping demand.
- (a) There is a shortage of investment capital, so that the deficiency must be made good by investment of savings.
- (b) There is too much investment capital running loose, so investment must be restricted, e.g. by raising the bank rate and cutting public expenditure.

We are all short of purchasing power, and inflation, producing its own momentum, increasingly erodes it. £1 has lost 97 percent of its ability to exchange goods in the past seventy years. What cost £3 in 1914 now costs £100. What cost £100 in 1974 cost over £300 in 1984. Obviously, money is not being properly related to real wealth production; after all, apart from tyres, balloons and puffed wheat, real things do not inflate. Douglas explained:

Improvements (i.e. cheapening) of process unaccompanied by a commensurate fall in prices is a form of inflation, or, to be more accurate, a dilution of purchasing power . . . Inflation is, in fact, a Capital Levy of the meanest and most one-sided description, since it taxes the purchasing power of those who obtain it by work for the benefit of those who obtain it by financial manipulation.

The basic cause of inflation is an unavoidable result of the debt generating system in that certain costs are entering prices which should not be allowed to do so. The money system is not, as it should be, self-liquidating. Only the Douglas analysis provides an insight into the instability in the value of money. But before explaining that, let me demolish another myth.

The Velocity of Circulation theory states that if money can be induced to circulate rapidly, production and distribution will be stimulated. It is an old notion going back at least as far as the seventeenth century when the philosopher John Locke wrote in praise of "quickness of circulation" of money. It may have worked when coinage was the chief means of distribution but it does not apply to the airy realms of bank-created paper money. Inflation may encourage us to spend all the money we possess as rapidly as possible and so, on the surface, it may seem that money thus circulates more rapidly. The Radcliffe Committee on the Working of the Monetary System which issued its report in 1959 seems to have retained a faith in the velocity theory for it spoke of "the haziness that lies in the impossibility of limiting" the income velocity of circulation and the "theoretical difficulties" of identifying it with "the supply of money."

The Report also stated that, although the quantity of money is important, given the proper control of liquidity — the cash flow — the necessary quantity would look after itself. The truth is that money flows out from its source in the banks and eventually returns to its source (plus interest) for cancellation in the account books; every bank loan transaction covers the production costs of certain commodities and nothing more. Thus, although a £1 note may circulate from hand to hand a thousand times until it is too torn and dirty to use, when it is pulped and a new note takes its place, every time that £1 crosses a counter, somewhere in the system a £1 equivalent — indeed more than £1 — is being cancelled in the books of a bank. The purchasing-power of a paper unit is a once-for-all process. Certainly, a bank note or coin may circulate and be used many times in different transactions, but each time it is spent a fresh cost is created, but not fresh purchasing-power.

To grasp why purchasing-power is now in universally short supply, we must turn to the famous A plus B Theorem of Major Douglas. This analyzes the system of credit flow, and reveals by mathematical persuasion precisely what is wrong with our monetary system and why it cannot do its job of stimulating production and distributing it fully to the consuming public — why, that is, the total purchasing-power in the hands of the community cannot equal total prices of consumable goods for sale. In his speech at Ashridge in 1936, Douglas said:

The core of the technical accusation made by us against the present financial system is that prices contain items not represented by money anywhere, and that these unmonetised items are represented by debt which is increasing and which cannot be liquidated. It is from this fact that the major evils of civilisation arise, including war.

To put the case in a sentence: Industry is compelled by the system to generate prices at a faster rate than it distributes purchasing-power to consumers. The reason for that is explained in Douglas's pamphlet "The New and the Old Economics":

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

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

Group B - All payments made to other organisations (raw

materials, bank charges, and other external costs).

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

Since the above statement contains the key to the analysis of the entire human situation at the present time, its wide understanding is essential to reasonable adjustment. The A plus B theorem is merely stating that human labour is being replaced by machines, and the wages of those displaced, which might be termed the Wages of the Machines, are not being distributed to anyone; hence that ever-widening gap between prices and purchasing-power.

A frequent criticism of the Theorem is that all B payments are at one time A payments (the Labour Theory of Value again) — that is wages, salaries, and, to a minor extent, dividends (now, on average, no more than 1 to 2 percent if taxation and inflation are taken into account) that are paid to consuming individuals — and that, therefore, the gap is closed. The answer to that lies in the phrase "at one time." The time factor in the flow of money is all-important. *When* were those B payments A payments? By the time the goods costing A plus B to produce are on the market, the B payments have long since returned through the industrial network back to their source in the banks in repayment of loans, and there they have been cancelled in the account books. Thus, only A payments are available to buy what must be priced and sold at A plus B if the producer is not to go bankrupt. The existence of that gap is blatantly before our eyes — in the shape of vast, unsold stocks, in stagnant industry, in hire purchase and mortgages, in mass advertising, in export struggles, and in universal indebtedness.

Another argument that arises against the Theorem is this: a new cycle of production will issue new B payments which will then fill the gap. That sounds reasonable until we realise that the productive system is not stable. As mechanisation and technology advance and human labour grows increasingly redundant, the B payments are always and ever more rapidly increasing, compared with A payments. You may say: "Fine, then more money will be available to consumers than before." Yes, larger and larger B payments may bring temporary relief from the shortage of consumer purchasing power, accompanied, of course, by self-defeating inflation, but it is all debt money which is recalled for cancellation (plus interest) before the goods it helped

to produce are on the market. Thus, if B payments are not continually and ever more rapidly increased in capital expansion, another slump must sooner or later occur in the boom-bust cycle. In theory, we could reach a situation in which no one is any longer employed in production and only machines are operating to produce consumable wealth. Then no one would be receiving any purchasing-power whatsoever — not even unemployment relief, since no one would remain with an income that could be taxed to pay for that relief. So the shops would be full but no shoppers would exist; they would all be dying of starvation in the streets outside. (In practice, they would be looting.) The producers could, of course, pay wages to the machines, but machines do not go shopping, so no good would come of that.

A number of ways exist which help to fill that gap under the prevailing debt system. One is sabotage by which real wealth is deliberately destroyed wholesale before it can reach the consumer — by burning or dumping, or paying people not to produce wealth, as in the case of American farming. Another way is through bankruptcies and forced sales whereby goods are sold below cost to pay off as many creditors as possible. A third is through enormous capital expenditure — that is, of B payments — for non-consumable wealth such as roads, power stations, bridges, canals, dams, barrages, space travel, and armaments, whereby wages and salaries paid in their production can be spent on consumer goods. That is how periods of expansion occur. In other words, the Debt System compels ever-increasing expansion of economies in order to prevent collapse, war being one form of expansion. Temporary prosperity becomes possible because purchasing-power is distributed in advance of consumer goods, but sooner or later the gap will widen again and the boom-bust rhythm will take its course as the banks recall their loans and the Bank Rate rises. Another means of filling the gap is through foreign investments and invisible exports like shipping and insurance. These kept the £ stable through most of Victoria's reign in the United Kingdom, even though imports were larger than exports.

Let Douglas now further expound the somewhat elusive concept of the A plus B Theorem — that A cannot equal A plus B — in his own costing-engineer's manner:

If we imagine consumable products to be produced in five-stages, each taking a month, a product begun in January will be finished in May. We can regard the first four stages as capital production. It is irrelevant that in the modern world all of these five processes are taking place simultaneously and that the product may be found in any of the five stages at any moment. It is still true that you cannot bake

bread with corn which you are simultaneously grinding.

Consider the nature of these B payments. They are repayments collected from the public of purchasing power in respect of production not yet delivered to the public. If the wage-earners in process I use their current month's, i.e. May's, wages to buy their share of one current month's production of consumable goods, they are using money distributed in respect of production which will not appear as consumable goods till October. They are in fact involuntarily reinvesting their money in industry. When we consider the increasing sub-division of process — and in "process" we may include the using of machine-tools, buildings, and the general plant of the country — it will readily be understood that this period of five months may easily cover many years.

The essential point is that when a given sum of money leaves the consumer on its journey back to the point of origin in the bank, it is on its way back to extinction. If that extinction takes place before the extinction of the price value created during its journey from the bank, then each such operation produces a corresponding disequilibrium between money and prices.

So the absurd system continues and grows cumulatively worse — until an explosion occurs either in runaway inflation, social discord, bankruptcies, or war, and the cycle starts again.

What is the size of that gap in Britain today? Micro-chip computers could soon provide an accurate figure. Government data for 1986 show the following:

Gross Domestic Product at market prices . . . £350 billion
Total household income £282 billion
Deficiency of consumer purchasing power £ 68 billion

A similar deficiency is given for eleven consecutive years in succession, and in 1990 the deficiency was around £100 billion. What is the world's deficiency?

Minor reasons exist for the gap between purchasing-power and prices other than the major one caused by the banking system based on debt. One is the hoarding of money in the mere abstention from buying. Another is the investment of savings in new capital works which create a new cost without creating new consumer purchasing power. A typical case is revealed in a graph published in 1978 in an advertisement for the Associated Cement Manufacturers Ltd, which revealed that since 1973 the ratio of retained profits to distributed profits had been more than four to one. This means that the Company had persistently extracted from the money received from their customers far more than they had distributed in dividends. How then could the community have bought all the cement the company had produced, except either by depriving other markets or by increasing

banking debts?

The question now arises: Is the debt system deliberately run for the power and profit of a hidden cabal?

Chapter 7

IS THERE A CONSPIRACY?

The truth is well known among our principal men now engaged in forming an imperialism of capital to govern the world. While they are doing this the people must be kept in a condition of political antagonism. By thus dividing the voters we can get them to expend their energies in fighting over questions of no importance to us, except as teachers to lead the common herd. Thus by discreet actions we can secure all that has been so generously planned and successfully accomplished.

— *The Bankers' Magazine*, USA 1892

Conspiracy, says one dictionary, is "combination for unlawful purpose." Now the leading bankers of the world certainly combine but not unlawfully, for they are well protected by legal Acts. What is legal, however, is not always either rational or moral.

The question of deliberate conspiracy has been debated for years by those who have seen through the monetary fraud. Yet bankers as individuals are not necessarily immoral; they tend, indeed, to be puritanically righteous and to live under the illusion that they hold a divine right to control and repress erring humanity. At the same time, they have, on the whole, no political bias and will manipulate social ideals for their own ends. They will as willingly support a Communist as a Fascist dictatorship; without their financial support neither Lenin, nor Stalin, nor Hitler could have achieved his authority.* The aim of the hegemony appears to be hidden global government, an aim already largely achieved.

Financial despotism certainly exists. Here are some comments by famous leaders of the past to support that contention. Although the system has not changed, no political leader in our times has yet dared to utter like this:

*Sayings of the late Lord (Montagu) Norman, when Governor of the Bank of England: "We must lend Germany £92 million; we may never be paid back but it will be less loss than the fall of Naziism," and "I do not think it is good for people to be prosperous." Norman was a friend of Dr. Schacht, Hitler's banker, and was godfather of Schacht's daughter. Being above mortal level, Norman was not shot as a traitor in the Long Gallery of the Tower of London but was elevated to the House of Lords, while Schacht was exonerated as a war criminal.

Those who in argument defended the English Constitution took infinite pains to inculcate as a fundamental principle, that in all monarchies the people must in effect themselves, mediately or immediately, possess the power of granting their own money, or no shadow of liberty could subsist. — Edmund Burke in Money and liberty (1775).

I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the government and to the people to whom it belongs. — Thomas Jefferson.

Banks have done more injury to the religion, morality, tranquillity, prosperity and even wealth of the nation than they can have done or ever will do good. — President John Adams in 1819.

I have two great enemies, the southern army in front of me and the financial institutions in the rear. Of the two, the one in my rear is the greatest foe . . . The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of consumers . . . Money will cease to be master and become the servant of humanity. Democracy will rise superior to the money power.

— Abraham Lincoln, shot dead for these views.

Money has no motherhood, financiers are without patriotism; their object is gain . . . One can only consider what loans can lead to in order to realise their danger. I have always striven against them. — Napoleon Bonapart.

From the time I took office as Chancellor of the Exchequer 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 Government was not to be the substantive power, but was to leave the Money Power supreme and unquestioned. — Gladstone.

The great monopoly of this country is the monopoly of big credits. The growth of the nation, therefore, and all our activities, are in the hands of a few men who chill and check and destroy genuine economic freedom. — Woodrow Wilson.

Until the control and issue of money and credit is restored to the government and recognised as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and Democracy is idle and futile. — Mackenzie King, Prime Minister of Canada in 1935.

Bankers have themselves admitted their power. Said Mayer Amschel Rothschild: "Permit me to issue and control the money of a nation and I care not who makes its laws." And here is an extract from a letter written in its early days from the house of Rothschild to its New York agents when it was planning to introduce new banking

methods to America:

The few who can understand the system will either be so interested in its profits, or so dependent on its favours, that there will be no opposition from that class, while, on the other hand, that great body of people, mentally incapable of comprehending the tremendous advantage that Capital derives from the system, will bear its burden without complaint and, perhaps, without even suspecting that the system is inimical to their interests.

On 26th September, 1921, the *Financial Times* warned off the critics:

Whoever may be the indiscreet Minister who revives the moneytrust bogy at a moment when the Government has most need to be polite to the banks, should be put through an elementary course of instruction, in fact 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?

Three years later the following sinister and cynical comment appeared (26th August 1924) in *The Bankers' Magazine* of the USA:

Capital must protect itself in every possible manner by combination and legislation. Debts must be collected, bonds and mortgages must be foreclosed as rapidly as possible. When, through a process of law the common people lose their homes, they will become more docile and more easily governed through the influence of the strong arm of government, applied by a central power of wealth under control of leading financiers. This truth is well known among our principal men now engaged in forming an imperialism of capital to govern the world.

In the autumn of 1929 came the Wall Street Crash followed by the world-wide Depression (and the *Grapes of Wrath*) of the thirties. Its remarkable result was the rapid transfer to the Wall Street institutions of some three-quarters of all the industrial, commercial and agricultural assets of the United States. As Louis T. McFadden, at one time President of the Pennsylvania Bankers' Association, revealed: "The Depression was not accidental but a carefully contrived occurrence . . . International banks sought to bring about a condition of despair here so that they might emerge as rulers of us all."

Evidence, such as that revealed in Professor Antony Sutton's remarkable books (see Bibliography), shows that the world's top bankers, particularly in the USA, conspire with the Kremlin in the old plot of dividing and ruling. "I think the Communist conspiracy is merely a branch of a much bigger conspiracy," declared Dr. Bella Dodd, at one time on the National Committee of the US Communist

Party. He has revealed how, after the Second World War, American Communist Party leaders were told that in any emergency resulting from a failure to obtain instructions from Moscow, they should contact any one of three designated persons at the Waldorf Towers, not one of whom was a Russian or even a Communist but all of whom were extremely wealthy financiers.

The Bolshevik seizure of Russia in 1917 could not have succeeded without the financial backing of financial groups based on Wall Street — notably Kuhn, Loeb and Company. As revealed in the *New York Journal* on 3rd February 1947, the grandson of Jacob Schiff, a director of Kuhn, Loeb, stated: "The old man sank about 20 million dollars for the final triumph of Bolshevism in Russia." Business is business. As Zbigniew Brezinski, Secretary and Founder Member with David Rockefeller, President of the Chase Manhattan Bank, of the Trilateral Commission which links the hidden leaders of America, Europe and Japan, has written: "The nation state as a fundamental unit of man's organised life has ceased to be the principal creative force. International Banks and Multinational Corporations are acting and planning in terms that are far in advance of the political concepts of the nation state."

A century ago, Disraeli, like Gladstone, saw what was happening:

"The world is governed by very different personages from what is imagined by those who are not behind the scenes . . . Governments do not govern but the hidden hand." Later G.K. Chesterton expressed the same view:

The main mark of modern governments is that we do not know who governs, de facto any more than de jure. We see the politician and not his backer; still less the backer of the backer; or, what is more important of all, the banker of the backer. Throned above all, in a manner without parallel in all the past, is the veiled prophet of finance, swaying all men living by a sort of magic.

Both international finance and the Kremlin desire centralised world power. To both, Social Credit ideas are therefore anathema. The late Dr. Hewlett Johnson, Red Dean of Canterbury, once asked Molotov, USSR Foreign Minister, what the Kremlin thought of the Douglas proposals and received the reply: "There is nothing in the world we fear more."*

*The following incident in my life is telling: After some correspondence, I obtained an interview with a Secretary at the USSR Embassy in London. Admitted by a grim and burly peasant, I was greeted by a dapper little aristocrat who ushered me into a small, bare room. There I expounded Social Credit and on my assertion

Bankers' rule by debt goes back a long way. An example occurred during the American Civil War when Abraham Lincoln tried with his Greenbacks to conquer the European bankers who were supporting both sides with the aim of gaining control of the whole American Republic, weakened by war. Bismarck saw the situation clearly when lamenting Lincoln's murder:

The death of Lincoln was a disaster ... I fear that foreign bankers with their craftiness and tortuous tricks will entirely control the exuberant riches of America, and use their power systematically to corrupt modern civilisation. They will not hesitate to plunge the whole of Christendom into wars and chaos in order that the earth should become their inheritance.

Another case of bankers' domination was stressed by Lloyd George when writing about the Versailles Peace Conference after the First World War: "The international bankers swept statesmen, journalists, and jurists all on one side and issued their orders with the imperiousness of absolute monarchs."

One banker at least has confessed guilt. Said Lord Stamp, a director of the Bank of England, in a speech he made shortly before he was killed by the enemy (hoist-with-his-own-petard) action in 1940:

Banking was conceived in iniquity and born in sin. Bankers own the earth; take it away from them but leave them with the power to create credit, and, with a flick of the pen, they will create enough money to buy it all back again. Take this power away from them and all great fortunes like mine will disappear, and they ought to disappear, for then this world would be a happier and better world to live in. But if you want to be slaves of bankers and pay the cost of your own slavery, then let the bankers control money and control credit.

*(cont.) that this was a new world idea that could resolve the conflict between the Communist and Capitalist blocks, he made no comment. Feeling I was making no impression, I blurted out: "Anyway, what we *all* need is more leisure and more pleasure." His melancholy face lit up and, repeating my words with delight, he seemed about to leap into a wild Cossack dance but soon subsided into his non-committal gloom. I finally asked him if he could obtain for me, in the cause of an article I was writing, the Kremlin's official attitude towards the Douglas ideas and the world movement they were generating. He shook his head emphatically with many an "Oh, no! Oh, no!" and, after the exchange of a few courtesies, I went home. A few hours later I noticed from my Paddington flat that three men and a woman with Slavonic eyes were glowering at me from the bedroom of a private hotel across the street, and when I pointed a camera at them they fell below the cill like well-trained soldiers. For a week they watched my every move quite openly, and then — presumably having concluded that my style of life did not indicate support by large funds and that I was, therefore, of no immediate threat to Imperial Russia — they departed. The message, however, was clear enough.

If the system is so wrong, it might be asked, why was it not exposed long ago? The fact is that it has often been exposed but the exposures have never been publicised. The powers-that-be cannot, of course, too overtly issue their commands to the media. Yet, as I know from experience, a kind of censorship of Social Credit ideas does exist, although it is of a subtle, mostly indirect and half-conscious kind that operates through what has been called the Financial Filter. Many avoid attacking the system they know to be wrong because it might injure their personal interests. A local bank manager would be unwise to inform his clients that they were being defrauded by the system he represents; a newspaper director and his editor maintain their journal by the large sums paid by advertisers who might withdraw their support if their journal exposed the system, because the advertisers, although they might not be directly concerned with finance or banking, might be dependent on the goodwill of a bank in extending their overdrafts; an economic journalist who was presumptuous enough to bite the hand that fed him would soon be out of a job. And so on. In most spheres, only those who are considered by the Establishment to be "sound" achieve positions of affluence and authority. Nor does the propagation of unorthodox notions aid anyone's career.

Commercial television is indirectly controlled through its advertisers, but how, and to what extent, the BBC is controlled, I do not know. I once confronted a group of six officials at Broadcasting House when putting the case for coverage by minority groups, including the Social Credit movement. Their attitude was politely antagonistic and one lady eventually said: "You see, we get no public demand for a talk on your subject." I said that I could easily organise that and asked how many signatures constituted a 'Public Demand'. I also asked how people could request a talk on a subject about which they had never heard. I had no further communication with the BBC. To obtain a debate, discussion or exposition on the ideas contained in this book, either on the air or on the tube, has always proved impossible. The taboo at the moment appears to be absolute, but, since the BBC keeps its fingers on the public pulse, that taboo may weaken under the force of new circumstances. Who can tell?

In the *New Age* for 28th March, 1929 Douglas wrote:

In this country the Institute of Bankers allocated five million pounds to combat the subversive ideas of ourselves. The large Press Association were expressly instructed that my own name should not be mentioned in the public Press . . . during the last five years the seed of Social Credit has been driven underground.

Presumably, such unequivocal statements can be checked. They may well be true. I do recall that when John Hargrave's biography of Montagu Norman, Governor of the Bank of England, which with Social Credit insight roundly attacked the banking system, was published, not only did W.H. Smith refuse to sell it in their nationwide bookshops, but the title was removed from the publications' record at Stationers' Hall. I have myself experienced a case of censorship by the socialist paper, *The Tribune*. I asked an editor if he would accept an article on Social Credit. He replied that he would personally welcome it and that the editorial staff was generally free to print what it saw fit; however, the entire staff had received one firm command: On no account whatsoever was Social Credit to be mentioned in the paper. The editor then suggested that I write a letter on my theme without mentioning the two dreaded words. This I did, in a long screed which presented the full Douglas arguments, and it was duly published in full. My editorial friend told me later that I had sailed so close to the wind that he had not dared to print my letter without higher sanction. A director had then read it and commented: 'What's wrong with that? It's more intelligent than most of the letters we get. Put it in.'

Press censorship is almost universal. This was revealed some decades ago when, on his retirement as editor of the *New York Times*, John Swinton was invited to a banquet in his honour at which the toast was "An Independent Press." In a bold speech, Swinton spilled the beans: "What folly is this toasting an independent press? Everyone present here tonight knows there is no such thing as an independent press. We are the tools and vassals of rich men behind the scenes. We are jumping jacks — they pull the strings and we dance. Our talents, our possibilities and our lives are the property of these men. We are intellectual prostitutes."

Is it surprising that the most powerful and deeply entrenched vested interest that has ever existed should defend its hidden autonomy by every available means that does not blatantly expose its existence? So we return to the open question: Does a conscious, deliberate world conspiracy by leading bankers exist? As the obstructions to the conveying of his ideas to the public grew increasingly evident, Douglas came, to an almost obsessed degree, to believe that it did, but in *The Monopoly of Credit* he took this reasonable view:

It is doubtless a misconception to accuse the financiers of deliberately planning wars, suicide waves, bankruptcies, and the many other tragedies associated with the existing state of affairs. They are

in much the position of the immoderate drinker, whom it would be absurd to suppose desires delirium tremens. He will do everything possible to avoid delirium tremens — except stop drinking.

Douglas was opposed not only by the banking interest and the media but by the Left-wing intellectuals. As he revealed in a speech at Newcastle in 1923 entitled "The Breakdown of the Employment System" in words that have not become dated:

Some years ago I had the experience of discussing these (Social Credit) proposals with Mr. and Mrs. Sydney Webb, and after disposing, one after the other, of the objections raised to the feasibility of the scheme, I was met with an objection with which, I confess, I found myself wholly unable to deal, and I recognise that objection in the Labour Party report on the Douglas proposals. The words in which it was made to me are worth putting on record. They were: 'I don't care whether the scheme is sound or not; I don't like its object.' That is a clear-cut issue; it is an issue which goes right down to the bed rock of human philosophy. It claims that human nature is essentially vile, and can only be kept within bounds by being kept so busy that it has no time to get into mischief. I have no doubt whatever that this philosophy is at the root both of the present economic system and of all the socialist schemes of nationalised economic and social administration which have culminated in the Russian Soviet Republic. The connection between a section of American (Wall Street) finance and the Russian Revolution is clear and indisputable.

In that same speech at Newcastle, Douglas stressed the point which is the basis of his teaching:

I would commend, therefore, to you a most serious consideration of this issue: whether you wish the economic system to be made the vehicle for an unseen government, over which you have no control, which you did not elect, and which you cannot remove so long as you accept its premises; or whether, on the other hand, you are determined to free the forces of modern science, so that your need for goods and services may be met with increasing facility and decreasing effort, this, in turn, permitting humanity to expend its energy on altogether higher planes of effort than those involved in the mere provision of the means of subsistence.

The hidden powers must know of the Douglas analysis. It nagged for years at the mind of Lord Keynes until finally he declared — and I have only hearsay for this — "I think we shall have to admit that Douglas is right, but if it comes to a choice between Social Credit and Communism, I would prefer Communism." Like the Webbs, Keynes was an authoritarian. Yet Keynes admired Douglas. When told he was the greatest economist in the world, he modestly replied that the honour should go not to him, but to C.H. Douglas.

In the end, most of us are not only unconscious victims of the

unworkable system, but also its passive agents. Because the public in every country continues to accept the blatant monetary fraud with an extraordinary degree of unquestioning sycophancy, some notions of the depth psychologists may be worth investigation. One of Freud's, for example, which goes back to 1908, is that the retention of money and infantile anal eroticism are connected in the unconscious mind. Hence, possibly, such phrases as Filthy Lucre, Money Lust and Stinking Rich. According to Freud, the anal character has three chief traits: excessive orderliness, parsimoniousness and obstinacy. Does that describe your banking type? My brother, Dr. Patrick de Maré, formerly Consultant Psychiatrist at a famous London hospital and a pioneer of Group Therapy, has written knowingly:

Money is certainly one of the most emotionally highly-charged of stock subjects which anybody could possibly choose to talk about. The general attitude towards the subject has all the characteristics of a neurosis. Apathy, facetiousness, abusiveness, evasiveness, and what would appear to be downright intellectual dishonesty and deliberate misunderstanding are typical features of these responses. The barrage of gibberish or ridicule which is so often the first line of defence of a newcomer to Social Credit should be sat out patiently and impartially, for the 'patient' is defending himself against unknown accusations as best he can. Behind his frantic defences lies a lifetime of frustrations threatening to explode. The fact we have to face, whether it shocks us or not, is that the first coinage, or medium of exchange, in an infant's life is its precious body products. These are its first creations and of the greatest value to it. Is it surprising, then, that, with these early values forgotten but still stored in the unconscious mind, together with all the shame about them that was instilled in us, the subject of money is unshakably regarded as so sacrosanct in adulthood? Or so indecent?

Are we all gelded by guilt? Our psychiatrist points out that, significantly, the German word *Shuld* means both Debt and Guilt, and he concludes:

Our Puritan tradition, of which the irrational money system is a principal part, is merely one expression in history of the reaction towards neurotic guilt. In my opinion, the National Debt is significant as an expression of the National Guilt, and this accounts for the unquestioning way in which the interest on the Debt is passively surrendered each year by the community even though it is quite obviously a fraud. It fulfills the psychological function of paying off the National Guilt. By letting sleeping dogs lie, by not asking awkward questions, one cannot be held responsible. Not being responsible consolingly renders one Not Guilty. But how terribly expensive! And all for the relief of a little tension.

Whatever may be the deeper symbolism of money, it certainly

provides the individual with power in small matters as well as large. Our deliberate, conscious aim should now be to decentralise this power right down to the personal level — down to the power over self and not over others. We must therefore begin to regard money not as a restricted and restricting commodity, but purely as an abstract and mathematically sound symbol of real and tangible wealth. As such, it would become not the ball and chain of a centralised tyranny, but a most useful and emancipating convenience which, like the sphincter itself, the *Dukatenscheisser*, originated for a practical, organic purpose.

We speak of a *folie à deux*; a *folie à millions* is also possible. Let that great editor, A.R. Orage, who introduced Social Credit to the world in his paper the *New Age*, have the last word on this question of conspiracy. From an address to the Society for the Propagation of Right Ideas about Leisure, his words now return:

I am so far from thinking that any Grand Conspiracy could succeed against the community without at least the passive consent of the community itself that I even believe that the Grand Conspirators, if they exist, are only the conscious agents of the unconscious hopes and fears of their victims.

How, then, are we to purge our costive culture?

Chapter 8

THE ONLY REMEDY

It is suggested that the primary requisite is to obtain in the readjustment of the economic and political structure such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism, that by their aid he is placed in such a position of advantage that, in common with his fellows, he can choose with increasing freedom and complete independence whether he will or will not assist in any project which may be placed before him.

— C.H. Douglas in *Economic Democracy*

We have seen how the banking system generates an ever-widening gap between the prices of goods for sale and the purchasing power available to the public. How can the gap be filled without causing further interest-bearing debts and their attendant inflation? And how are the millions who are going to be made redundant in production by mechanisation and technology going to be paid?

These are the key questions of our times. Not many have attempted to answer them. Among the few who have at least had the courage to face the inevitability of enormous unemployment in the coming years are Clive Jenkins, the trade union leader, and his colleague Barrie Sherman in *The Collapse of Work* (1979):

We shall have to fundamentally question why we work, how we take our leisure, and whether work itself is a positive activity . . . What is so special about work, especially if it will no longer be so necessary, that we make such a fetish of it? The Haitians have a very wise and perceptive old proverb: "If work were a good thing the rich would have found a way of keeping it all to themselves" . . . We do not believe that work per se is necessary to human survival or self-esteem . . . It is, of course, not only capitalist societies that encourage the work ethic. The communist societies all have work as a prime objective and treat it as the most precious of commodities to the extent of sacrificing possible increases in the standard of living to guarantee its maintenance . . . If national policy puts you out of work, national economic policy must pay you.

So far, excellent. Yet on how the nation is to pay the unemployed the answer the authors give is inadequate. They obviously do not understand how money comes into existence or how it creates the gap between buying power and prices. "Unemployment at these high levels will prove very difficult to fund in the present context of

taxation," they admit. Yet they appear to believe that unemployment benefits, which "must be increased dramatically" as well as redundancy payments, can be raised by taxing employers more and workers less, and that further money can be raised by two new public sector funds — the first at £100 million a year from North Sea oil revenues, the other by investing £1 billion taken from the pension funds of industry which at present amount to some £31 billion. Now, the oil and gas will last, with luck, for about a generation and the annual income per head of population in the UK for that period would therefore be about £2 — perhaps one good helping of bangers and mash and an apple pie to follow for the whole year. Interest on the pension funds at, say, ten percent, again with luck and notwithstanding inflation, would provide each of us with another £2 a year. If half of us remain employed then you can at least double the figures. They mean roughly that we could all be fed, but not clothed or housed, for about a week in the year. The authors also propose that the rest of the North Sea oil revenues should be invested in various development agencies. That might give us another two meals a year. It won't do.

The authors appear to suffer from the common misunderstanding that money is created by industry. They should consider the Douglas proposals which are clear and simple enough, although, because the concepts behind them are so new, not many find them easy to grasp and accept. These proposals do not, of course, constitute a panacea for every human ill; they are simply a key to distribution in a mechanised age. Here is how Douglas summarised his views in the evidence he presented to the Macmillan Committee on Finance and Industry on 1st May 1930. The full summary is to be found in an appendix to *The Monopoly of Credit*. It is far more relevant today than it was sixty years ago:

(i) The primary cause of the industrial depression and consequent unrest is financial. It is due to lack of power to buy, not due to either power or will to produce . . . Such remedies as "rationalisation" or "nationalisation" do not touch the fundamental problems.

(ii) The fundamental defect of the financial system, as operated, is mathematical, not political. The existing financial system is not a correct reflection of economic fact, as it should be, and is both misleading and restrictive.

(iii) Any effective remedy must traverse the claim of the banking system to the ownership of the financial credit extended to industry, a claim which is implied by the fact that at present money, constituting in the main new purchasing power, is loaned to a bank's customers,

not given.

The central thesis of Social Credit can in consequence be summarised thus: The *rate of flow* of effective purchasing power should equal the *rate of flow* of prices.

The basic principles behind the solution are three:

(a) Consumer purchasing-power to be collectively equal, at any given moment, to the collective cash prices of goods and services for sale to the consumer (irrespective of the "cost" prices of such goods and services as now calculated). Such purchasing-power to be cancelled or depreciated only on the purchase or depreciation of such goods and services.

(b) Credits required to finance production not to be supplied from savings but to be new credits relating to new production recalled only in the ratio of general depreciation to general appreciation.

(c) Distribution of purchasing-power to individual citizens to be progressively less dependent upon employment. Wages and salaries to be progressively displaced by National Dividends as productive capacity increases per man-hour.

Thus, Britain would become, in effect, a limited liability company paying dividends to all its members; that is, to the entire population of the kingdom. In a sense, it would be profit-sharing on a national scale, all citizens being stockholders in Great Britain PLC. The mechanism for a monetary system that could fully distribute what is produced can be summarised in the Three Fundamentals:

1. Open the National Credit Office, which shall —
2. Apply the Scientific Price Adjustments and
3. Issue National Dividends to all.

1. The National Credit Office, or NCO, will on its formation immediately calculate, with the help of computers, the total prices of finished goods available on the one hand, and the total purchasing-power available in the hands of the public on the other. The gap between the two will at once be evident and can be precisely enough calculated for practical purposes. The task of the NCO will then be to fill the Gap in order that the nation can consume what has been produced. This can be done in two ways:

2. First, payment by the NCO of new state credits to retailers which would enable them to sell their goods below cost prices. The community's purchasing-power would then buy more because prices would fall and *inflation would be prevented*. These new payments would be debt-free and interest-free and would return to source for cancellation in the normal credit flow, according to (a) above.

Economists often argue that this would ultimately have an inflationary effect. Why should it? An increase of public spending money is not inflationary unless it causes a rise in prices; Price Adjustments would cause them to fall. Douglas put it this way in his *Use of Money*:

Inflation is an increase in the number of tickets accompanied, mark you, by a corresponding increase in prices, so that both price and effective demand are equally raised, and the purchasing-power in that case is decreased. That is true inflation, and simply amounts to a tax upon those people who already have purchasing-power. Now, a rise in purchasing power accompanied by a fall in prices is not inflation, and if you do apply credit, as we call it, to a reduction of prices you cannot produce inflation.

Note that the Scientific or Compensated Price (some call it by the mediaeval term Just Price) is not price-fixing. Prices would rise or fall according to the rise or fall in the production of goods and services. Money would equate with productive realities. Retailer and producer would lose nothing and would gain by increased trade unhampered by shortage of purchasing-power and debts, and the consumer — that is, all of us — would obviously gain too, since our incomes would buy more. The Scientific Price can be seen to be, in effect, a kind of Value Added Tax in reverse, or Negative VAT.

Nationalisation of the banks would not be necessary for they are perfectly organised to administer the business and would have a right to charge for their services of administration.* What the banks would lose would be the power to control policies, and the huge, unjustifiable interest they charge on the credits they create out of nothing. If adjustments to the money system are not soon made, the banks will go, with the rest of us, into chaos, so they will lose their power and profit anyway.

With the application of the Scientific Price, the two worlds of production and distribution would at last be reconciled. Yet the Scientific Price alone would not solve the problem of how to pay the millions released from toil by mechanisation. Obviously, it would be absurd to pay those comparative few who remain in work vast incomes that would immediately be taxed away for redistribution as unemployment benefits. Since those incomes would go into prices, no benefit would accrue to anyone. Therefore:

3. As soon as possible, the NCO would take its second step. It would

*The real cost of money issue is about one-eighth of 1%, not the 12 to 20% or more now demanded by the banks.

begin to distribute to everyone, of whatever age, sex or status, week by week or month by month, the National Dividend. This would not be paid as a grudging dole, but as a democratic birthright representing a share of the products of the Cultural Inheritance that belongs to us all. It would be paid over and above any individual earnings from employment or investment. It would not be raised by national contributions or any form of taxation but, like the Scientific Price, from newly created State credits in the same way that all new credits are already created, that is, out of ink and paper (and soon by electronic impulses) as tokens of purchasing-power but now precisely reflecting (together with the Scientific Price) the prices of goods for sale. No false indebtedness would be formed and, of course, no interest payments would be made. The new money would not pile up, but would return to the NCO through the retailing and productive system in the same way it does now for eventual cancellation as the products it represents are consumed or depreciate in value.

As more and more people become unnecessary in production, the National Dividend would rise as mechanised production rose and it would therefore tend to replace the wage and salary. The Post Office might well be the best body to distribute the payments for it is well organised for, and familiar with, such organisational matters.

The huge bureaucracy required by the present wasteful administration would be reduced to a minimum, since all present forms of income support, such as family allowances, income supplements, unemployment benefits, students' grants and basic pensions would be replaced by the National Dividend. Taxation as we now endure it would be rapidly reduced and eventually eliminated; the Scientific Price and the National Dividend may, indeed, be regarded as forms of anti or negative taxation.

So, through the Three Fundamentals (National Credit Office, Scientific Price, and National Dividend), the supreme power in the modern world, that is the control of credit, would revert to Crown, Parliament and People, and could be adjusted realistically, justly, and democratically for the well-being of the individual.

Many state that Social Credit could not be applied except through a world government. Since "world government" and "Social Credit" are virtually a contradiction in terms, how could that be? They would have to be applied in one country first. Indeed, they could be applied as an experiment in one industry. Douglas himself drafted two schemes based on his arguments: one for Scotland, published as an appendix to *Social Credit*, and another for the mining industry, as an appendix

to *Credit Power and Democracy*.

A trial start could be made on new housing by which a local authority would finance new houses with its own interest-free credits and base them on the reality of the houses. They would be repaid for cancellation by the occupier-owners by annual amortisation to cover depreciation over the years during which the houses would stand. The owner would then be paying back only the prime cost of the building and nothing more. As things are now, we are all forced by mortgages to pay the prime, or real cost, many times over through the years. Two-thirds of the mortgages we pay for our homes is the cost of hiring the money — not the real cost of building the houses.

A precedent for local financing of this kind does exist, and it is the nearest example of the application of Social Credit principles that has yet occurred. It was in Guernsey between 1817 and 1820, when the island had been suffering the general depression and unemployment that followed the Napoleonic wars. Guernsey's State Debt stood at £19,137 and bore an annual interest charge of £2,390 when its annual revenue was only £3,000. The island badly needed a new market hall, and its harbour, dykes and roads were in urgent need of repair. An appeal to London was made for a loan but the Government said it had no money to spare. The island's governor then called a meeting. Was the work urgently needed? he asked. Yes, was the unanimous reply. Had they enough materials on the island, had they plenty of unused labour? Again the reply was an emphatic yes. All we need, then, is the money, declared the Governor, so we will print it. This was done in the form of special £1 State notes secured by the revenue-raising capabilities of the new works in the future; the real credit behind the notes lay in the proposed new works, in particular the market hall. The contractors were paid with these notes, which in turn were paid to the workmen and others who supplied the materials, and they were accepted throughout the island by the shops and local banks as being sound money. As new building and repairs were completed, incoming rates, rents and dock dues went to pay back the currency which, in time, was destroyed. No debts arose and no long-term interest payments. The hungry unemployed found work and incomes, trade improved, and the entire island began to enjoy a new-found prosperity.

The experiment was so successful that in 1824 further Notes, now each of £5 value, were issued to finance a college and a number of parochial schools, and further issues were made up to the year 1837. All continued to go well until the banking interests, supported

by the Privy Council, seeing a serious threat to their profits and authority, stepped in and more or less destroyed the scheme. The states were then compelled to limit their issue to £40,000. During the First World War, however, the States Notes were increased and circulated to the general benefit of the island.

Another near-Social-Credit case occurred in the mid-eighteenth century in the American colonies which were then enjoying a wonderful prosperity. On a visit to England, Benjamin Franklin was appalled by the poverty he saw everywhere, and when asked how he accounted for the prosperity of the colonies, he replied: "It is because we issue our own paper money. We call it Colonial Scrip, and we issue enough to move all goods freely from the producers to the consumers; and, as we create our own money, we control the purchasing-power of money, and have no interest to pay." This information came to the attention of the English bankers who, in alarm, at once caused a bill to be passed in Parliament forbidding the use of this Scrip Money. "That," Franklin said later, "was the original cause of the Revolution," and he added: "The colonies would gladly have borne the little insignificant tax on tea and other articles, had it not been for the poverty among them caused by the English bankers' influence in Parliament." In 1773, Edmund Burke confirmed Franklin's view.

Other cases of local credit creation outside bankers' control occurred in 1690 in Massachusetts (inspired by M. Meules's issue of playing cards to pay the Quebec troops) — in 1710 in Jersey to finance the rebuilding of the harbour of St. Helier without incurring any debts or taxes — in 1733 in Maryland where it revived prosperity at a time of depression — and in 1793 when the corporation of Liverpool issued its own new credits of £300,000 over two years, surprisingly having managed to obtain an Act of Parliament to allow it to do so.

"Out of the crooked timber of humanity," wrote Kant, "no straight thing was ever made." But humanity, for all its vagaries, does want to survive, and how will it do so if it does not adapt to its extraordinary new situation? What are the survival alternatives to the proposals outlined above? I can see none.

Chapter 9

SOME QUESTIONS ANSWERED

Is there enough to go round? Immediately we encounter a serious difficulty: what is 'enough'? Who can tell us? Certainly not the economist who pursues 'economic growth' as the highest of all values, and therefore has no concept of 'enough' ... Wisdom demands a new orientation of science and technology towards the organic, the gentle, the non-violent, the elegant and beautiful.

— Dr. E.F. Schumacher in *Small is Beautiful*

Is Social Credit politically Left or Right?

Because it stands for the emancipation of the individual, it is neither. If anything, it might be termed Liberal: indeed, a Social Credit group has already been formed within the Liberal Party in Great Britain.

Conservative policy purports to encourage private enterprise but, being ruled by the debt system of the Money Power, just as the Labour policy is, it ineluctably leads to centralisation of power and production so that the enterprising individual is reduced to a cipher. Socialists believe that the interests of the individual are best served by subordinating him to the super-monopoly, the State. Both Left and Right end in bureaucratic tyranny, and blighted lives for all.

Socialists believe that a fundamental conflict exists between Capital and Labour. Social Credit believes that the fundamental conflict lies between the Money Power and the whole community. Socialism believes in common ownership. Social Credit believes that, provided fields and factories produce wealth efficiently, their ownership is of little concern to the individual who only wants to acquire the consumer products they provide. Ownership does not control markets; money does that. Ownership and use are different things, because directors and shareholders cannot possibly buy and consume the wealth that industry makes; they want to sell their products and how can they do so if sufficient purchasing power is not available to consumers? I repeat: Mass production demands mass purchasing power.

Socialists believe that private industry makes huge profits that all go to a few owners and shareholders, thus depriving the workers of the wealth they supposedly create. They believe that the poor must be poor simply because the rich are rich, when the fact is that profits

today form a very small part of prices; in the case of the nationalised industries, there is no profit but loss (three million pounds a day, not long ago, in the steel industry) which must be covered by taxes or increases in the National Debt. Both Labourites and Conservatives are under the illusion that industry itself in some mysterious way creates the purchasing power with which to distribute its products. Both are unaware that distribution, not production, is our problem.

As Douglas wrote in *The Tragedy of Human Effort*, "It is not democracy of any conceivable kind . . . deciding by ballot whether you will be shot or boiled in oil."

What about Industry?

Under Social Credit, the old class conflicts could be naturally resolved, and every form of private enterprise would be encouraged. New forms of partnership and co-operation would become possible between employer and employee who could unite in common constructive purposes and would share the results. "There seems to be nothing inherently absurd," wrote Douglas in *Social Credit*, "in a man being a bricklayer in the morning and a company director in the afternoon."

As a practical engineer, Douglas respected disciplined organisation. Addressing the Women's Engineering Society in London, he said:

You must have democratic agreement on policy — on the objective — and when you have agreed on policy, you should then forget all about democracy, and realise that there is an essential hierarchy in carrying it out, a hierarchy of administration. The general manager cannot possibly consult the office boy before taking a decision. People are ready, properly organised in regard to administration, to give orders and to take them, for the very good reason that they want to get the job done.

Douglas also believed that efficiency was reduced once an optimum size of organisation was exceeded and that a maximum of 3,000 people formed a large enough organisation for most purposes. In the same address, he remarked:

I want to ask you to get out of your mind the mesmerism of bigness. The most efficient unit is something quite small. Bankers love bigness, but they do not deal in facts. In engineering, I should say that the largest efficient unit should not employ more than 700 or 1,000 men. Smaller undertakings could do a job better if not hampered by financial restrictions.

Douglas would no doubt have agreed with the late Dr. Schumacher who wrote in his best-selling *Small is Beautiful*:

Ever bigger machines, entailing ever bigger concentrations of economic power and exerting ever greater violence against the environment, do not represent progress; they are a denial of wisdom. What is at stake is not economics but culture; not the standard of living but the quality of life.

True private enterprise with its energy, initiative and creative pride would be stimulated by Social Credit. But it would be unable to exploit individuals who would be under no monetary compulsion to co-operate in any enterprise if they did not wish to do so. Present investments and savings would remain, since no one need be deprived by taxes or dispossession of anything he owned. In general, new enterprises would be financed by the National Credit Office with new credits related to new production, but, to prevent absolute state control of all financial support, private investment of savings could continue, provided the money sums were known so that the community's total available purchasing power could be adjusted through the Scientific Price and the National Dividend.

What about Taxes?

All taxation would be reduced, notably that which vanished into the servicing of national and municipal debts. In time, it could be entirely abolished and, with it, the huge, unproductive army of tax gatherers. "Taxation in its present form," wrote Douglas in *Warning Democracy*, "is an unnecessary, inefficient and vexatious method of attaining the ends for which it is ostensibly designed."

Of course, much taxation goes to pay for social services and armaments, the balance being made up of debts on which interest must be paid from taxes. Social needs, like the Health Service, must be adequately financed from the nation's unearned increment by interest-free credits created by the National Credit Office. That would render all forms of insurance contributions unnecessary. We should never forget that what is physically possible and desirable *must*, in the nature of things, be financially possible.

Taxation today discriminates particularly against small businesses and the self-employed, presumably because they have the energy and initiative that allows them to be less readily regimented than wage and salary earners. Yet everyone is taxed either directly or indirectly because the government cannot create its own money and must raise it by either depriving the community of its purchasing power or by increasing its debts to the banks. This means that a government can never balance its Budget honestly. Social Credit would allow it to do so. At present, the National Budget is part of the money mystique

and, like the National Debt Office, a joke to those who understand its absurdity. The annual Budget is mostly a method of rearranging the limited amount of purchasing power available by rearranging taxes in the most complicated possible way.

Assuming a Social Credit government to be voted into being, all the old Banking Acts would have to be repealed and a new Bill, based on the Three Fundamentals, would be presented which might be entitled the National Credit (Equation of Consumption to Production) Act. Under such an Act, an honest National Budget would simply reveal the current states of production and consumption. It would be a Public Wealth Statement, a National Stocksheet, showing the national production and imports on one side, balanced by national consumption, depreciation and exports on the other. It would, in fact, reveal the general enrichment of the country year by year as applied science advances.

What about Energy and Raw Materials?

Even if fresh sources are discovered, the fossil fuels on which the world now so precariously depends must become exhausted in the foreseeable future, and without energy everything fails. Alternatives will have to be found and they surely will be found. Every technology and discovery leads to new technologies and discoveries. At present the world, particularly the industrialised nations, wastes materials and energy to an appalling degree, while dangerously polluting the land, sea and air. The system generates vicious, cut-throat industrial competition to acquire as much as possible of the limited supply of money; so industries cannot afford to keep our environment clean and wholesome. Much of the heat generated by industry and now wasted could be harnessed if the money was forthcoming. (The burning of coal, oil and natural gas — the limited fuels — at present release some twenty billion tons of carbon dioxide into the air every year.) In Britain, about half the energy we use goes to heating and lighting our buildings. A large part of this could be saved by warmer clothing and insulated structures, and we could trap much energy for heating buildings directly from the sun in coils and panels. With the disappearance of daily, rush-hour commuting to and from work, a considerable amount of energy could be saved and the air could become cleaner.

Where are alternative sources of energy likely to be found in the future? A possible, if controversial, one is atomic energy, provided all danger can be removed. It could become self-generating through fast-breeder reactors, and in time perhaps by fusion. Finally, we may

have to use every source of power that is perpetual and self-renewing such as sunlight, heat exchange, wind, tide, waves, and falling water. Geothermal energy may be released through boreholes and we may discover that the interior of the earth contains enough methane gas to provide energy for millions of years to come if we can tap it. We may be able to tap the sun's heat in photovoltaic solar cells. In biotechnology we may be able to obtain gas by farming bacilli in arid lands, and oil and alcohol from crop fermentation obtained from the renewable trees and plants — methanol from willow wood, for example. Plants photosynthesise and store ten times as much energy every year as the whole world uses; already, cereals are being genetically engineered to extract nitrogenous fertiliser from the air, and animal feed can be grown from microbes; in time, we may obtain the fuels of hydrogen and oxygen *ad lib* from water by artificial photosynthesis. We may be able to obtain energy from the oceans by using the temperature differences between the deeps and the surfaces. Perhaps we shall be able to harness the enormous power generated by electric storms, hurricanes and volcanoes. And what of such fantastic inventions as the Bedini device for generating free and limitless energy (based on discoveries by Nikola Tesla at the turn of the century), which relies on scalar electromagnetics or "the stress of spacetime," and on non-Herzian waves which produce no radioactivity, accord with quantum theory, and lie outside classical mechanics. Perhaps, perhaps . . .

Organised recycling would reduce waste to a considerable extent, and so would the making of more durable products instead of those with built-in obsolescence to create the false markets which the debt system encourages. The seas contain huge quantities of metals and minerals which we have hardly begun to exploit. Glass technology offers great potential, its main requirements being sand and energy; bauxite for aluminium alloys is also plentiful but requires much energy for exploitation.

At their current exponentially increasing rate of consumption, such useful metals as zinc, tin, copper, iron and uranium cannot last forever. A typical fact of waste was reported by the *Daily Mail* in 1979: "Nearly 82 billion metal cans were used to package food, beer, and soft drinks in the USA in 1978. Assuming six inches per can, if they were all stacked on top of one another, they would form 31 columns, each stretching from the earth to the moon." (I read at the same time, incidentally but significantly, that only twenty-five men make all the beer cans required by the thirsty Australians.)

Doomwatching has become an intellectual industry and many predictions have been alarming. If the worst of them are true the flag of hope this book is flying would become a hopeless dream. Clearly, we are facing situations and decisions of a magnitude never before experienced by mankind.

Whatever the Club of Rome may have predicted, no one really knows exactly what the future holds. But none can deny the validity of the conclusion reached by the Club's report, *The Limits of Growth* (1972):

Man possesses, for a small moment in his history, the most powerful combination of knowledge, tools, and resources the world has ever known. He has all that is physically necessary to create a totally new form of human society — one that would be built to last for generations. The conclusions of the study point to the need for fundamental change in the values of society.

A change in the values of society must now lie primarily in monetary adjustments followed by a massive increase in educational facilities; the rest will follow.

What about the Population Explosion?

Every five days, the world hears the cries of a million new babies. In spite of the Green Revolution, food production is not keeping pace with population growth, and at least one in eight of the people on this earth remains underfed. Much undernourishment is no doubt due to ignorance about diet, but, all the same, if the populations of the underdeveloped countries go on expanding at the present rate of geometrical progression, there will soon be far too little food to go round. By giving people everywhere an expectancy of longer life and by preserving the life of infants most effectively, the medical men have created a problem; perhaps they will eventually solve it by adequate means of birth control.

But is birth control enough? Why do the comparatively prosperous countries not breed so fast as the poor ones? Why do the poor everywhere breed more children than the wealthy? This surely indicates that the world population can only be restrained by increasing the standard of living everywhere. In many eastern parts, for example, married couples produce as many offspring as possible, perhaps partly owing to their religion, but mainly, I believe, as a form of old age pension in that sturdy sons will support them in their dotage. Remove the fear and families will grow smaller. Increase the quality of living and perhaps too many children will be seen as a distracting burden that reduces that quality.

At the present rate, the world population will double in twenty years and double again in fifty years to a grand total of fourteen billion. The world will become increasingly polluted as a result, and life for most people will have little savour. Something must be done. Monetary adjustment the world over is, I am sure, the first essential with the aim of releasing knowledge and information, increasing education, raising the standards of living, and providing researchers with adequate funds. There the micro-chip may prove to be an immense aid. But first the monetary chains must be unshackled, and the proviso established that surplus wealth and technical aid and information be *given* to underdeveloped countries — not lent on monetary terms of debt.

What of the Environment in an Age of Leisure?

Visual decadence must have historical causes and no doubt the visual decline in Great Britain began in the year 1832 when the Great Reform Bill was passed and the philistine Manchester Men began to take over the control of cultural values from the landed and leisured aristocracy. One resulting cause must be the rapidity of urban expansion together with the population explosion of the nineteenth century, another the loss of human scale in buildings due to centralised controls and ever-larger organisations. A third has been the coming of easy and rapid transport which has eliminated local vernaculars, and a fourth the rapid developments in structural techniques and new materials that have no traditions and have destroyed all unity of scale, of design and of urbanity. In the end, however, the main cause of our urban squalor must be the values that lie behind our whole way of living and the philosophy that sustains it. The Workhouse State with its pollutions, that are visual as well as physical, inevitably produces the Workhouse Environment (the Urbanoid Mish-mash as Lewis Mumford called it) that is the outward and visible sign of our inward and invisible disgrace.

Almost all the beauty that remains in our towns and countryside are products of a more civilised past; the rest is subtopian horror. We can learn from our ancestors when recreating the environment, and we can preserve their legacies; parkland, canals, lakes, woods and representative old buildings to embellish the new age like jewellery. A nation-wide campaign of tree-planting could be another leisure activity. Trees and plants are not only attractive to look at and an essential visual foil to the geometry of buildings, but they are essential to life. Indeed, much of the economic decay of the world is due to the ruthless felling of trees.

Under a sane economy, our ugly conurbations and megalopolitan cities could be broken down into small communities surrounded by the green of parkland and market gardens in such a way that the distinction between town and country would be firmly articulated while, in the countryside, small, mixed farms producing local food on healthy soil would become economically viable. All the automated factories could be buried underground and out of sight.

We need accent, surprise, enclosure, variety, water, ornament and, above all, colour in the new environment. Fine detailing and decoration could return with the fine craftsmanship which could develop in a leisured age when buildings could unite with landscape. Creativity in any sphere needs time, and of that we have had too little but could now obtain an amplitude.

How would Social Credit affect Women?

A common misinterpretation of the women's liberation movement is that women wish merely to emulate men, particularly in taking on work on the same terms as men. But how can women become fully emancipated until men are too? The economic freedom and security that Social Credit would provide by means of the National Dividend could be woman's true liberator. She need not then be tied to the house as an unpaid and unappreciated drudge, nor be driven to marriage by fear of insecurity, nor bound by economic pressures to a man she had ceased to love, nor driven into wage slavery.

In that way, women could accept their innate and full femininity that could calm our violent, male-directed, toil-raddled culture. All could become equal to men in their freedom to develop their individual talents.

Who was Major Douglas?

Few have heard about him yet, but a growing minority believes that he possessed one of the most penetrating intellects in human history. Clifford Hugh Douglas was born in 1879 and died, aged 73, in 1952. Little is known about the details of his life; he was himself reticent about them, but some facts are known. His father was Hugh Douglas, a Scot, who may have been a draper of Stockport but had become an engineer in later life. His mother was Louisa Hordern, who was English and the daughter of an Indian Civil Servant. He spent a year studying engineering at Pembroke College, Cambridge, in 1910 at the age of 31 where he took no degree, but he became a member of both the Institute of Mechanical Engineers and the Institute of Electrical Engineers. Immediately before the outbreak

of the First World War he was employed on the construction of the London Post Office Tube Railway between Paddington and Whitechapel for which he conducted preliminary experimental work and the preparation of plans and specifications for the electrical part of the enterprise; later, he supervised the plant of this railway which was an early example of automation. He has recorded that, although no physical difficulties arose in the work he would receive orders from time to time to slow it down and pay off the men, and when the war came, that struck him as strange because no difficulties then arose in raising money for anything the government wanted.



Major Clifford Hugh Douglas

Other work in which Douglas became involved was with the Canadian General Electric Company, the Lachine Rapids Hydraulics Construction Company, the Buenos Aires and Pacific Railway, the Westinghouse Company in India, and a spell organising railways as a civilian in France during the early part of the First World War. Then, in 1916, he became employed as Assistant Director to reorganise production at the Royal Aircraft factory at Farnborough

where he was promoted to Major in the Royal Flying Corps (later serving in the RAF Reserve). Being then of independent means, he retired in 1918, resided in the Temple and for a period ran a small yacht-building yard on Southampton Water. Later, he lived in an old water mill in Hampshire where he installed a dynamo powered by the water to provide his home with light, heat and power — a gesture in support of decentralisation of energy sources. He achieved the same thing from a local burn when, with his second wife, he had settled in the Scotland he loved at Fearnan in Perthshire, overlooking Loch Tay. By his first wife he had a daughter who was still alive in 1985.

It was while working at Farnborough and approaching forty that he grasped his main idea and its importance. That changed his life, and from being a competent but anonymous engineer, he was soon to become an international public figure, a centre of controversy and of a large barrage of misinterpretation and criticism which was to leave him a somewhat lonely and embittered man in his later years. At the Royal Aircraft works at Farnborough the authorities were in a financial confusion and Douglas was deputed to sort it out. He went carefully into the establishment's costs, using tabulating machines, forerunners of modern computers, and it struck him suddenly one day when he was examining the cards that at the end of each week the wages and salaries paid out at Farnborough added up to less than the total costs of what had been produced during the week. "You say anybody would know that, and I suppose they would," the Major said. But then he began to wonder if this was also true in every factory in the country at the end of each week at the same time; if that were so, then a serious flaw existed in the whole costing system of the country — and perhaps of the world. The general assumption on which the financial system was supposed to work — that all costs are distributed simultaneously as purchasing-power — would then be false.

Douglas collected costing information from over a hundred large concerns throughout the country and he found that in every case — except those heading for bankruptcy — the total costs were always more than the sums paid out in wages, salaries, and dividends. From this discovery, Douglas evolved his famous A plus B Theorem. That was long before the Great Depression had set in and before the outbreak of the Second World War; he predicted, on the basis of his discovery, that the existing system would bring disaster. (In his autobiography, Charles Chaplin reveals that his study of Douglas led him to save his fortune before the Wall Street Crash of 1929 when

the Depression began by turning all his investments into solid cash.)

Douglas first published his conclusions in an article in the *English Review* for December 1918 under the heading "The Delusion of Super-Production," which declared that: "We are living under a system of accountancy which renders the delivery of the nation's goods and services to itself a technical impossibility." With that article, the Social Credit Movement began. At the time, A.R. Orage was editing his famous weekly review, the *New Age*, to which the literary generation of that era owed much. Orage was then campaigning in his paper for Guild Socialism, but he was always seeking new solutions to the world's problems with his remarkably adventurous mind. Orage has described an important event in his life in the American publication *Commonweal*:

One day, about a year after the Armistice, there came to my office, with a personal introduction from my ex-colleague Holbrook Jackson, a man who was destined to affect a beneficent revolution in my state of mind. Everything about Major Douglas made him personally and intellectually attractive . . . His knowledge of economics was extraordinary; and from our very first conversation, everything he said concerning finance and its relation to industry — and, indeed, to industrial civilisation as a whole — gave me the impression of a master-mind perfectly informed upon its special subject . . . After years of the closest association with him, my first impression has only been intensified . . . Among no matter what experts, he made them look and talk like children.

So Orage printed a series of articles by Douglas in his *New Age*, and Social Credit became its policy — as it was later also to be of the *New English Weekly* that Orage edited in the thirties. Those *New Age* articles were reprinted in 1920 as *Economic Democracy*, Douglas's first book. In the same year appeared Douglas's *Credit-Power and Democracy*, for which Orage provided a commentary, then *Social Credit* in 1923, *The Control and Distribution of Production* and *The Monopoly of Credit* both in 1931, and *Warning Democracy* and *The Alberta Experiment* both in 1937.

Apart from these books, Douglas wrote many pamphlets, served as head of the Social Credit Secretariat, and before long was travelling the world to give lectures on his discoveries and remedial proposals — to Canada, Australia, New Zealand, Japan and Norway. When he visited Perth in Australia, all factories closed for the day to allow workers to hear his broadcast. In 1923, he gave evidence before the Canadian Banking Enquiry and, in 1930, before the Macmillan Committee. By now he was a world figure.

He had clearly formulated the two alternative and opposing policies confronting society: (1) That the evolution of the industrial arts should be directed towards the emancipation of the individual, or (2) that industrial organisation should be utilised as a system of government directed towards a fixed ideal of what the world ought to be. The second alternative is still being applied. As a result, we are today threatened either with total world dictatorship, overt or hidden, or with atomic annihilation.

In 1935, the first Social Credit government was elected under the premiership of a schoolmaster and religious evangelist, William Aberhart of Alberta, with the largest majority ever reached by a Canadian provincial government. The world-wide Depression had made everyone open to new ideas. It was a landslide victory and Douglas had already been appointed Alberta's Chief Reconstruction Adviser. But things went wrong and Douglas terminated his contract the following year when he disagreed with the steps the Alberta Government was taking as "pursuing a policy of capitulation to orthodox finance." He was invited to become adviser again in 1937 but refused, for he was growing more suspicious of the machinations of the financial establishment — and not without reason. Aberhart, although sincere enough, was confused about technicalities. ("But how do we get the money back?" etc.) Meanwhile, the Canadian Federal Government stepped in to prevent any genuine Social Credit steps being taken, and the Supreme Court of Canada declared them to be unconstitutional. Some fifteen attempts were made to pass Bills through the Alberta Government that would inaugurate true Social Credit principles but they were all vetoed by higher authorities; at one point, the Privy Council became involved and proved unhelpful. The only step that Alberta could have then taken would have been to go it alone, but that might have led to civil war in Canada.

However, the so-called Social Credit government in Alberta lasted for over 30 years, later under Premier Manning. As governments go, it was a good one and brought benefits to the Province; it wiped out most of the internal debt, built roads and schools, reduced taxation, and, at one point, even issued token "Citizens' Participation Dividends." All that was made possible not by Social Credit methods, but by taxing every barrel of oil produced in the Province at 12 1/2 percent. Alberta has been lucky in her oil.*

*Later, British Columbia elected a "Social Credit" government but this has never attempted to institute Social Credit principles. Indeed, it is hard to fathom why it adopted its title. Meanwhile the authentic movement struggles on in Canada,

What was Douglas like? Accounts vary between hero-worship and disdain; but he was generally liked and admired, even by many who did not accept his views. Some say he was arrogant and autocratic; others that he was a modest man who admitted that the germ of his ideas had been known a century before he formulated them. He was essentially an individualist, a loner, a solitary, as his enjoyment of sailing and fishing indicate. As a practical engineer he was a realist who could grasp abstract principles and understand what underlies surface appearances. He seems to have had a dignified, even impressive, presence, which was always somewhat impersonal and remote, and he was a perfectionist in whatever he undertook.

Augustus John painted a portrait of the Major which now hangs in the Walker Art Gallery, Liverpool. In his autobiography *Chiaroscuro* (1952) John wrote with affection of Douglas that "unmoved by obloquy or boycott he stands apart, urbane and imperturbable." John Hargrave, writer, artist and Social Credit leader, has written of Douglas: "There never was an outstanding thinker who looked so normal, so non-cranky . . . a penetrating intellect, and sea-green incorruptible if ever there was one." The playwright and actor, the late Maurice Colbourne, who produced an excellent exposition of Social Credit, wrote that he looked like a gentleman farmer and that his steady eyes, ruddy cheeks and jovial personality were those of a squire.

Whatever Douglas may have been, his ideas have already affected the world. When those ideas are fully understood, accepted and applied they will be seen as the greatest cultural catalyst the world has ever known.

*(cont.) not least in Quebec. Social Credit movements also exist in Australia and New Zealand and it is not inconceivable that New Zealand will elect the first genuine Social Credit government in the world, for there in 1982 some 20 percent of voters supported the Social Credit Party. The integrity of the movement will depend on whether or not it accepts and applies the Three Fundamentals.

Appendix on National Debts

In the United Kingdom the National Debt has grown approximately thus:

1694	£1 million
1815	£800 million
1919	£7,000 million
1945	21,000 million
1979	£95,000 million
1986	£180,722 million

In a letter from the Prime Minister's office dated November 1981, the proportions of the holders of the National Debt were stated to be:

Banks and insurance companies	40 percent
The general public	20 percent
Official holdings	20 percent
Overseas holders	10 percent
Unspecified	10 percent

The authenticity of these figures is difficult to check and one wonders who owns the unspecified 10 percent — a trifling and unaccounted sum of £11,000 million. Exactly how much the interest charges (called servicing) have amounted to through the years is also difficult to specify precisely. According to calculations made by the late Duke of Bedford, a monetary reformer, some £1,500 million were paid out between 1844 and 1914, and £5,000 million between 1918 and 1939, all of which had to be raised by taxes. Yet those figures are comparatively small compared with the interest paid out between 1945 and 1981. Then the Debt rose by some £91,000 million on which interest charges amounted in 1981 alone to nearly £10,000 million.

In 1986 the annual interest charge on the Debt was over £14,000 million, a figure — forced up by inflation — that will escalate rapidly and inexorably in future years. A huge part of the PSBR (Public Sector Borrowing Requirements) is therefore spent — as the first charge in every Budget — not on public projects and benefits such as defence, education, health, transport, unemployment and pensions, but merely on paying interest to private bankers on false debts they created out of nothing. According to the National Debt Office, the National Debt on March 31st 1989 stood precisely at £197,312,806,566.

Apart from the National Debt, we are also needlessly burdened by vast local authority debts. In 1983, the total Local Government Debts in the UK stood at £47,300 million, on which, at an average of 11 percent, the annual interest charges were £5,200 million — that is about one-third of all local government expenditures.

In April 1985, Britain's shoppers owed to finance houses and retailers some £17.6 billion, so that, taking the population of the UK as 56 million, the average family of four owed at least £10,180 on the National Debt and £2,972 on local government debt. Add these to the hire-purchase debts and the total comes to around £14,400 per family. The interest payable by each family on this sum would be at least £1,600 for the year. And that does not include house mortgages or any interest due on bank overdrafts. Most of these debts and their annual interest payments have no right whatsoever to exist. Consumer credits mean that tomorrow's incomes are mortgaged to meet today's prices.

In the USA, according to Professor Robert Blain of Southern Illinois University, since 1791, debt has generally increased by just under the interest rate, and when that has not occurred, economic recession has followed.

Whittaker's Almanac for 1985 states that in 1982 the Federal Debt of the USA stood at 1,147,000 million dollars. By the following year its servicing was costing the US Treasury around 100,000 million dollars for the year in interest charges,* most of it owed to private banks such as the Chase Manhattan, Citibank, Bank of Boston, and the Bank of America. Since Reagan's Presidency, the Federal Debt has risen more than it did during the years of all the previous Presidencies put together since the end of the Second World War. In 1990, the Debt had risen to some 3,000,000 million dollars.

During Reagan's time — at least up to early 1985 — the United States enjoyed a period of so-called prosperity with low inflation and booming business (at least in parts), but if the rules of the Debt Game

*Almost exactly the same sum is spent annually in the USA on illicit drugs, mainly cocaine and heroin. That millions of individuals find soporific suicide preferable to coping with the needless miseries, threats and frustrations of modern life is surely the most horrifying symptom of our debt-ridden cultural sickness. In this huge, hideous and rapidly-growing industry of narcotics the banks are deeply and amorally involved. In 1985, for instance, the Bank of Boston laundered 1.2 billion dollars of drug money through *Credit Suisse*. "Let deadly joy be unconfined," they must be saying, "provided that, as with armaments, we continue to hold sway and our account books show vast profits. What do other human beings matter to us?"

are to be enforced, a day of reckoning and deep recession must arrive sooner or later in the ineluctable and idiotic boom-bust cycle — in spite of the enormous and growing expenditures on armaments and space travel.

All other countries in the world, not least those of South America, are being exploited, constrained and enfeebled by the false indebtedness imposed by the biggest and most devastating fraud that has ever gulled suffering humanity. Its most horrifying results are to be seen in some Third World countries where poverty has reached the point of mass starvation because the people there are forced to export their hard-won products in order to pay the interest on their foreign debts and so are unable to grow enough food for their own survival. Ethiopia under a Communist government is the latest and most tragic example.

The debts owed by the "developing" countries now total over £625 billion, a sum created out of nothing by American and European banks. As a result, in many countries of Africa and South America, average incomes fell by anything between 10 and 50 percent during the 1980s, and UNICEF has estimated that world debts are responsible for the deaths of more than half a million young children a year. How, then, are the newly released countries of eastern Europe (and the new Soviet Union, too) going to deal with the indebtedness with which they will be burdened if their industries are to develop?

This monstrous confidence trick, this bogus numerology, this mad metaphysical rite of borrowing oneself out of debt, is still blindly accepted by political leaders of every persuasion all over the world. It is so destructive and so crazy that it may bring all life on this planet to a hideous end. Are we to vanish from this earth without even a whimper of protest against the cause of that possible tragedy? Nothing in the world will, or can, go right until we first get our money sums right.

Bibliography

(Dates apply to first editions)

Douglas, C.H.

Economic Democracy (1920)

Credit-Power and Democracy (1920)

Social Credit (1923)

The Monopoly of Credit (1931)

The Control and Distribution of Production (1931)

Warning Democracy (1937)

The Alberta Experiment (1937) (Reprint 1985)

The Douglas Manual (Edited by P. Mairet, 1934)

Bell, Clive

Civilization (1928)

Tawney, R.H.

Religion and the Rise of Capitalism (1926)

Gill, Eric

Money and Morals (1937)

Fromm, Erich

The Art of Loving (1957)

Wiener, Norbert

The Human Use of Human Beings: Cybernetics and Society (1968)

Unwin, J.D.

Hopousia (1940)

Albus, James S.

Peoples' Capitalism: The Economics of the Robot Revolution (USA 1976)

Bateson, Gregory

Steps to an Ecology of Mind (1978)

Southampton Chamber of Commerce

Report of the Economic Crisis Committee (1933)

Congregation Union of Scotland

First Report of the Christian Doctrine of Wealth Committee (1962)

Stuart, James Gibb

The Money Bomb (1983)

Sutton, Antony C.

Wall Street and the Bolshevik Revolution (1974)

Wall Street and the Rise of Hitler (1976)

Western Technology and Soviet Economic Development

Vol. 1, 1917 to 1930 (1968)

Vol. 2, 1930 to 1945 (1971)

Vol. 3, 1945 to 1965 (1973)

Index

Aberhart, Wm., 110
Agriculture, 6,11,14,16,19,20,54
Alberta, 109,110
America, see United States
Anarchism, 35,36
A plus B Theorem, 36,77,78,79,108
Architecture, 16,32,34,38
Aristotle, 25,39,42,46,59
Argentina, 2
Arts and Crafts, 23,28-29,34,37,38,110
Atomic Energy, 9,102
Australia, 5,62,103,109,111
Automation, 2,5,9,12,15,16,107

Babbage, Charles, 15
Bank of England, 59,64-66,68-71,82,86,88
Banks and bankers, 2,3,5,16,36,45,55-74,76-90,93-101,112-114
Barter, 53,54
Bateson, Gregory, 50
B.B.C., 18,51,71,73,87
Bell, Clive 42,43,44
Benedict, St., 27,28
B.I.S., 71
Bohr, Niels, 51
Brazil, 2
Briffault, R., 48
British Columbia, 110
Buddhism, 51
Budget, The, 65,69,101,102,112
Building Societies, see Mortgages,
Burke, Edmund, 83,98

Calvin, 27-29,33,60
Camus, 35
Canada, 5,54,83,109,110
Capitalism, 2,28,31,58,59
Capra, Fritjof, 51,52
Carlyle, Thomas, 33,34,38
Carroll, Lewis, 64
Cheques, 56,62
China, 11,55,60
Christianity, 25,26,44-46,48
Churchill, Winston, 1
Civilisation, 1,9,11,23,25,32,33,35,36,40-53,57,59,74,77,86,109

Clark, Lord, 41,42
 Club of Rome Report, 104
 Cobbett, William, 64
 Coins, 53-57,60-62,68-70,76,77,90
 Colbourne, Maurice, 111
 Common Man, 4,42,49
 Communism, see Marx
 Computers, see Micro-chips
 Conrad, Joseph, 37
 Conspiracy by Bankers, 82-91
 Cultural Inheritance, 6,10,14,23,24,38,54,96

Darwin, Charles, 32,38,49
 Debts, 2-4,36,54,56-59,61,64-81,84,86,90,92,95-103,105,110,112-114
 Deflation, 73,74
 Depressions, 4,5,54,69,71,74,84,93,97,98,108-110
 Descartes, 51
 Disraeli, 41,85
 Division of Labour, 23,32,33
 Doles, 21,96
 Dostoevsky, 40
 Douglas, C.H.,
 biography, 106-111
 books, 5,6,8,52,88,92,93,95-97,100,101,109,115
 photograph, 107
 quotations, 6-8,22,38,39,49,52,68,73,76-77,79,87-89,92,95,100,101,108
 Drinkwater, Father, 46
 Dundee Report, 46

Eatwell, John, 73
 Ecology, 32,48,52
 Education, 17,20,21,29,42,46,47,65,104,105,112
 Einstein, 5,51,52
 Electricity and Electronics, 9,14-18,21,62,103
 Eliot, T.S., 43,46
 Employment, see Work
 Energy sources, 9,12,24,37,102,103,108
 Environment, 17,20,21,32-34,49,50,52,101,102,105,106

Feminism, 47,48,106
Financial Times, 84
 Franklin, Benjamin, 98
 Freud, 45,90
 Fromm, Erich, 37,47
 Full Employment, see Work

Gibbon, Henry, 26
Gill, Eric, 36,38,44
Gladstone, 83
Goethe, 51
Gold, 55-57,60-62,64,67-70
Goldsmiths, 60,61,64
Greeks, Ancient, 24,25,56,57
Guernsey Experiment, 97

Haldane, Prof., 49
Hargrave, John, 88,111
Hawtrey, Ralph, 71
Heidegger, 50
Hobbes, 34,40

I.M.F., 70,71
Industry, 2,3,13,19,20,27,59,61,74-78,80,93,96,99-104,109,110,113
Industrial Revolutions, 11-15,20,24
Inflation, 3,9,34,38,55,56,62,65,67,73-78,80,92-95,112,113
Information Technology, 14-17,19,24,105
Islam, 58

Japan, 16,85,109
Jefferson, Thomas, 83
Jefferies, Richard, 33
Jenkins, Clive, 92
John, Augustus, 43,111

Kant, Emmanuel, 13,98
Keynes, Lord, 41,73,74,89
King, Mackenzie, 83
Kropotkin, 35,36

Labour Theory of Value, 6,31,78
Leisure, 1,7,9,10,13,19-25,29,33-35,38-41,44-47,86,91,92,105
Lenin, 3,82
Lincoln, Abraham, 83,86
Locke, John, 31,76
Love, 19,25,26,43,46-48,100,106
Luther, 27,28,60

Machines and Tools, 1,6,9-24,33-34,37-38,44,51,53,73,78,80,101,104
Macmillan Report, 69, 72
Macrae, Norman, 66
Marcuse, 35
Maritime Developments, 11, 12
Maré de, P., 90
Marx and Marxism, 2,3,6,15,26,31,45,49,70,84-86,87,92,114

Mass Production, 11,18,20,99
McKenna, R., 71
Merchant Banks, 70
Meules, 54
Mexico, 2
Micro-chips, 5,11,14-20,24,38,44,73,80,105
Middle Ages, 11,12,27,34,46,53,55,57,59,68
Mint, The, 56,61,69
Molotov, 85
Monetarism, 69,73,74
Money, History of, 53-63,73
Monod, Jacques, 49,50
Morris, William, 29,33-38
Mortgages, 2,65,75,78,84,97,113

Nabokov, 4
Napoleon, 45,65,83,97
National Credit Office, 94-96
National Debts, 2,64-69,90,100,112,113
National Dividends, 94,96,101,106
Nationalisation, 3,65,70,89,93,95,100
Naziism, 75,82
New Age, 87,91,109
Newton, Isaac, 11,12,49,56
New York Times, 88
New Zealand, 5,73,109,111
Norman, Montagu, 82,88
Norway, 109
Nuclear Threat, 1,9,49,114
Orage, A.R., 43,91,109
Original Sin, 25
Orwell, George, 7,37,38
Ownership, 2,3,20,55,65,93,99

Parapsychology, 50
Paterson, William, 64
Paul, St., 26,47
Pensions, 75,96,104,112
Pieper, Joseph, 46
Pius XI, 45
Plato, 26,42,46,50
Plough, The, 11,14,23
Poland, 2
Polo, Marco, 60
Population Explosion, 104-105
Pound, Ezra, 43

Price Adjustments, Scientific, 94-96,101
 Printing Press, 11,14
 Private Enterprise, 99-101
 Private Incomes, 38,39,44
 Profits, 3,20,58,62,69,71,73,80,81,84,94,95,98-100,113
 Proudhon, 35
 Psychology, 1,8,19,20,50,90
 Purchasing power, 2,3,9,20-22,53-56,58,74-78,80,92-95,99-102
 Puritanism, 13,21,26-35,43,82,90

Radcliffe Committee, 76
 Railways, 13,107
 Read, Herbert, 36,43
 Reis, 62,63
 Religion, 25-32,42-59,66,67 ,83,104
 Reuther, Walter, 23
 Rewards and Punishments, 6,47
 Ricardo, David, 6,31
 Roman Empire, 27,41,42
 Rothschilds, 83
 Rousseau, J.J., 29,30
 Ruskin, John, 29,31,33,34,38
 Russell, Bertrand, 50

Sabotage, 79
 Schiller, 35
 Schumacher, E.F., 99,100
 Science, 7,11,12,15,24,25,30,41,43,44,50-52,89,92,99,102
 Servicing, 19,65,101,112,113
 Sex, 26,32,47,96
 Shaw, G.B., 45
 Sherman, Barrie, 92
 Shockley, William, 15
 Silicon Chip, see Micro-chip
 Silver, 55-57 ,67
 Slavery and Serfdom, 4,13,17,21,25,27,33,36,40,43,44,53,57,86,106
 Smiles, Samuel, 31
 Smith, Adam, 6,15,23,31,53
 Socialism, 3,6,31,89,99,109
 Socrates, 25,26,43,50
 South America, 56,114
 Soviet Union, 4,17,70,114
 Spengler, Oswald, 3
 Stalin, 31,82
 Steam Power, 11-14
 Stevenson, R.L., 21
 Swinton, John, 88

Tawney, 28-29,58
 Taxation, 4,21,38,54,55,57,65,68,69,74-79,93,95,96,101,102,110,112
 Taylor, A.J.P., 68
 Technology, 1,8-10,14-18,50,73,78,92,99,102,103
 Temple, Archbishop, 45
 Thant, U., 22
 Third World, 17,114
 Three Fundamentals, The, 94-96
Times, The, 72
Tribune, The, 88
 Trade, 8,12,29,30,32,53,59,61,95,97
 Trade Cycle, 74,75
 Trade Unions, 92
 Transistors, 14,15,18
 Treasury, The, 55,65,66,70

 Unearned Incomes, 38,44
 Unemployment, 4,20-22,45,46,54,74,75,79,92,93,95-97,112
 United States, 5,8,15,16,20,23,54,72,82,84,103,113
 Unwin, J.D., 57
 U.S.S.R., see Soviet Union
 Usury, 3,27,56-60,65

 Velocity of Circulation, 76,77
 Voltaire, 30,45

 Wages and Salaries, 1,6,9,19,20,36,44,53,55,68,75-80,96,101,106,108
 War, 5,7-9,36,40,47,54,56,57,61,64,65,67,68,71,74-77,79,80,85,
 86,88,97,98,107,108,110,113
 Waterlows, 62,63
 Webb, Mr. and Mrs. Sydney, 89
 Wiener, Norbert, 12
 Wilde, Oscar, 33
 Wilson, Woodrow, 83
 Women, see Feminism
 Work and Work Ethic, 2,4,6,9,15,16,18,19,21-40,43,45-47,74-76,
 92,95,97,102,106
 Worker, see Common Man
 World Bank, 70
 Zukav, Gary, 51

A MATTER OF LIFE OR DEBT

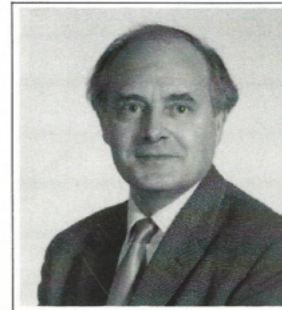
A re-examination of the exciting and nearly-forgotten economic philosophy of Major Clifford Hugh Douglas, applied to today's situation and offering a hopeful new vision for the future of the world and mankind.

"The most comprehensive and clearest statement of Social Credit and about Douglas since 1945 . . . In the present state of mental confusion it may well provide the spark of life that is needed."

"It is certainly thought-provoking. Your analysis of the present situation is very clear, and shows that there is little time in which to put things right."

ABOUT THE AUTHOR:

Eric de Maré was born in Enfield, England, in 1910 of Swedish parents having French Huguenot and Scottish ancestors. Educated in London at St. Paul's School and then at the Architectural Association, he achieved his RIBA degree in 1933. After four years editing the *Architects' Journal* he went freelance in the late 'forties and has survived as such ever since, starting with wife and camera on a canoe trip across Sweden. He photographs and writes mainly on architectural and topographical subjects. Living as untrammelled a life as financial pressures have permitted, he has been an active advocate of Social Credit since student days and for some years served as Treasurer of the Social Credit Party of Great Britain and later as editor of *The Sun: The Social Credit World Review*. Widowed in 1972, he is now married to Enid Verity, artist and colour consultant, and lives in a beechwood in the Cotswolds.



Eric de Maré