NOTES OF THE WEEK.

The Tithe Bill.

Our last extended commentary on the subject of tithes was in The New Age of August 24, 1933, in the first section of the "Notes" headed "The Tithe War." The comments now following, although not written as a sequel to the earlier ones, will gain in weight and direction if read in the light of them; and readers who are likely to be participants in the controversy on tithes are recommended to examine the two series together. Also, for the benefit of those who have filed earlier issues, we cite an editorial article which appeared in The New Age of May 28, 1931, under the title of "The Passing of Anglicanism.

To indicate the general background set up by the last-mentioned article we may explain that it was written to prove that the Church had become, in the eyes of the banks, a redundant institution in view of the encroachment of the Press and the B.C.C. on the field of authoritative religious education. We showed that this redundancy was, in the eyes of the banks, also a matter of financial extravagance—that is, that as they required religious instruction given in newspaper articles and wireless talks were more efficient than pulpits, and far cheaper. We showed, too, how the logic of this fact was being made manifest in the pattern of their political policy.

The Tithe War which we discussed last August, i.e., two years subsequently, was a new reaction to that policy. The Tithe Bill, which we now proceed to discuss, is the bankers' proposed treaty of peace to be imposed on the warring tithe-owners and tithe-payers.

In reviewing its provisions we shall rely on the first leading article in The Times of April 24, entitled "The Tithe Bill." We particularly advise readers to consult that article in full, as every sentence in it contains or illustrates the various arguments which we have been making in the commentaries to which we have just given the references.
Here are our words come true: "a perpetual mortgage on the future, the enforcement of which makes it impossible for a man to 'get on in the world'". The banks are hoodwinking everybody into accepting money without realizing the terms on which the bank is playing. And the banks are hoodwinkers.

**Tithes-Payers’ Criticisms.**

In The Times of April 26 there appeared a letter from Sir Charles Hobhouse and others generally criticising the Bill. It is true, in the view of the Times, that the Bill is not designed to appeal to the belligerents, but to make the future war much more expensive. It is impossible to deny that the Bill is a serious and difficult problem to be faced and dealt with.

**High Finance at Work.**

Within the next few months of reference imposed by the banks neither the tithes-payers nor the tithe-owners can possibly win their case outright, nor arrive at a satisfactory compromise. The Tithes-Payers can only rely on the Bank of England to continue its efforts to save the tithe, and the only satisfactory way to do this is by the Bank of England to continue its efforts to save the tithe, paying the tithe at a rate of 5 per cent.

**Disarming Tith-Payers.**

We have referred to the Tithes Bill as the Tithes Peace Treaty. It is not a treaty, but a settlement of war. Many of the tithe-owners, Mr. Lang has made known the financial crisis of the tithe owners, and the financial troubles of the tithe-owners. Mr. Lang has also made known the financial crisis of the tithe owners, and the financial troubles of the tithe-owners.

**The Poor to Relieve the Poor.**

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Where Is the Church's Missing Income?  

Now if we were conducting an inquiry into the alternative methods of increasing the Church's income, we should have two objects in view: first, to find out whether the Church is not, as some have claimed, subsidizing the development of other institutions; and secondly, to find out whether the Church has not been exploiting the present situation to the disadvantage of those who have been supporting her. The latter is the question which is of immediate importance.

The investigation would be much the same for both objectives. It would consist in calling upon the Church to explain any loss of income which the Church has experienced, and in discovering whether the Church has been exploiting the present situation to the disadvantage of those who have been supporting her. The latter is the question which is of immediate importance.

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The Christchurch Oration
Delivered by Major Douglas at Christchurch, N.Z., on Feb. 13th.

I.
Your Worship, Ladies, and Gentlemen: I should like to begin by explaining the explanation and the argument that I am privileged to make to you to-night by stating what I have no doubt is a truism, which is that our familiar of the law, that is, that we are familiar with two kinds of laws. There is the natural law of the nature of the conditions which compel, and which, if it fails, let it be a hard fact that the legal system fails at the same rate under the compulsion of the ultimate. That is a natural law, and, so far as we know, those laws are unalterable. There is a law of that description, and all we can do is adjust ourselves to those laws.

But there is also a second type of law, a law which is what we may call a constitutional law. Of course, our legal laws—laws of our City—laws of our Country—are constitutional laws, but one of the oddities of such a law is that we have the same sort of thing in connection with property rights.

We agree that, in a game we call cricket, if the ball is hit anywhere, the batsman is out by a wicket before it touches the ground. Now, what if we were to consider the principles of our political system? What if we were to oblige those of our conventions? We could change them if we found that we could improve cricket by some other conventions.

Those two laws have to be very carefully separated in one’s mind in considering matters as we are discussing. It has been very frequently stated during the past fifteen years or so that there is no escape from economic forces. As a matter of course, there are no economic laws with which I am familiar, they are practically all conventions.

What we call the economic law is what happens if you refuse to accept the claim of the individual, the economic system, and social organisations governed by conventions,

That is about all that so-called economic laws amount to. Now, the first requisite in any understanding of this position of what I have just been saying is to recognise that what we call the economic laws are matters of policy. You do not make a constitutional law with any sort of an idea in your mind as to what it is you are trying to do—what end you are endeavouring to serve.

Make a law that all motor cars shall drive on the left-hand side of the road, you have in your mind in that way you will avoid collisions, and you have your mind in making such a law that you want to avoid accidents.

We have at the present time a thing which we call an economic system, and I do not believe that we are at all clear, in my mind, of the way in which we are trying to achieve by means of that economic system, the conditions of the conventions with which we surround it. For instance, we are at the present time that one of the troubles which assails the economic system is what we call the problem of unemployment.

II.
When we say that the problem of unemployment is one of the major features of the crisis at the present time, we are, at any rate unconsciously, if not consciously, looking at one of the policies of a system, of an economic system, to provide for the problem of unemployment. Now that is not an axiom: that is not a thing that you can take as being self-evident or true. It may possibly be true—I do not myself know what truth it is whatever—but it is conceivable that you might want an economic system for the purpose of providing employment.

If you wanted to run an economic system for the purpose of providing employment, quite obviously the first thing that you would have to do to get the present position—the only sensible thing to do—would be, as far as possible, to put the clock back about two or three hundred years. You would destroy as far as you could, in every way, the present position. This would involve, if it were possible, to use the power which you have developed from water and otherwise, and you would revert to hand labour. Of course, if it were possible, the use of any tools which would facilitate that handicap. You would do everything as laboriously as possible, and you would undoubtedly be back in the position of having to do work of that description, and all we can do is adjust ourselves to those laws.

Now, it is quite possible to demand from the economic system a lot of different things. For instance, in regard to this question of employment and unemployment, there has been, I think, an almost automatic and quite unconscious, a demand that they said they wanted the population to work and to get them to work quite easily. To see it is quite possible to demand from the economic system a lot of different things. For instance, in regard to this question of employment and unemployment, there has been, I think, an almost automatic and quite unconscious, a demand that they said they wanted the population to work and to get them to work quite easily. To see it is quite possible to demand from the economic system a lot of different things.

Interjection: Very, very.

The policy which is attached, and the matters which can be attached to a policy to relieve the unemployment problem permanently, must in the very nature of things be a policy which will decrease the production of wealth by the individual, and a policy which is intended to produce and deliver goods, and a minimum amount of trouble to any one must, quite mathematically, increase the unit of production of wealth, and so create what you call an increasing unemployment problem. Those are the only two alternatives to a problem, and, if you must first of all, in each position to form any opinion at all that will prevent you from committing you in regard to the present time, it may as well be said that if you want to avoid accidents.

III.
Now, if you do not agree with me, for the sake of hypothesising, we will say that the only object of an economic system is to deliver goods and services to the population, and that the only object of increasing the productivity of any economy, then the next thing to do is to analyse whether that is possible, to what extent it is possible, and what, if anything, interferes with carrying out your work.

Now, at this point you have to make—not a mental effort—but an effort of self-determination.

You devote your energies upon the idea that money is the same thing as wealth and goods and services.

You say that you cannot get goods and services without having money, and, besides, you conceive of and get it. Is there any requirement of common use in the world at all of which you could tell me that there is a definite physical shortage? If there is, I am interested.

I can tell you, conversely, of a long string of articles which are actually grossly surplus to the actual requirements of the world at the present time. For instance, to take a very simple instance, more coffee was twice destroyed in Brazil during the past year than we could have sold, the coffee world, and we have more coffee in the world than we have the demand for it. The same thing is true of practically every staple article of which you like. There is more rubber in the world than there is ever been during the last few years. There is more rubber than we can ever use.

They are making elaborate preparations in the United States to build more than twice the amount of steel that is ever used in the world. There is a surplus of every kind of capital, every kind of potential—easily realisable physical wealth to such an extent that it is quite impossible for anybody who knows anything about economics to deny that everything which we produce, indeed, I am quite sure that it is quite impossible for anybody who knows anything about economics to deny that everything which we produce, indeed, that everything which we produce has a surplus in the world, and that we are not using up any surplus at all.

You may think that the production of an article is unrenewable, we do not mean to say that everybody wants the article; we mean to say that everybody can use the article, the person who produces it does not get any purchasing power as a result. Now, the next thing is which is of great importance, the extent of which is the increase of industrial profits as a result of that cutthroat competition.

Interjection: Terrible! Terrible!

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I want to you to remember this, and then you will be able to yourself if you like to provide jobs for yourselves, you will think—unless I grossly underestimate the intelligence of the gentleman who made that remark—that you would find yourself in a position to provide for the subject at all to avoid the conclusion that money is the same thing as wealth and goods and services.

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Interjection: Terrible! Terrible!

Interjection: In Russia!

No, not in Russia! That is quite right. Russia is the only poor country in the world. Now, the third, and most important, is that we have nothing to do with anything except on unemployment according to this phrase. Remember that I translated unemployment in this connection to mean a phrase that was used in various but quite undeniable result of the surplus productive capacity, that we have poverty. It is an extraordinary thing that it is not true, but it is true, that we have poverty as the result of productive capacity; but that is exactly what we have got. (Applause.)
quite clear that it was for lack of transportation facilities and yet you know that there were plenty of transportation facilities, you would naturally say, without very much harm of lack of it.

"What has happened to the ticket system? How is it that we cannot get the tickets on the railway?" Now exactly that thing has happened to the present economic system. The ticket system has become completely separated from the ticket system that we call the financial or money system.

VI.

I am going to go very rapidly over just exactly how that separation has taken place because it is a good way of fixing it in your minds, and it is very important.

First of all, let us see what it is. Money is the great thing, which is made, nor why people want it, which no one will refuse in exchange for its goods if he is a willing seller. Or you will see that that definition immediately rules out anything specific of which the seven words.

Money is not, for instance, gold or silver, or any of those things. No, and no one will refuse money, but money is in no sense confined to any particular metal.

Now, thinking that over, we come to occur to us that it, under certain circumstances, anything will do for money that there ought to be no shortage of money.

Money is something that acts as what we call "effective demand." Something which people will exchange, will take in exchange, for the goods that they want to dispose of, to give the kind of action to what you might call the simplest form of effective demand with which you are probably acquainted, and that is the ticket. A railway ticket is effective demand for a journey: for the journey that is described on the ticket. That is exactly what a railway ticket is.

A railway ticket differs from a one-pound note? A railway ticket is effective demand for a particular thing, and that is a railway journey. A £1 note is effective demand for anything which has that particular note on it. They are both tickets. They are both tickets which is good for transportation and which is good for something which one of them has a universal purchasing power and the other one has a limited purchasing power.

When you buy a railway ticket, you are going to the booking office of a railway, you exchange one for another. The one is one of a limited type of ticket, and that is all you do. And if you think of the whole of this productive system which we have been examining and finding to be so rich, supposing that you had no ticket, and that kind nothing but transportation: that all of it being so diverse in the form of motor-cars, buses, trams and so forth, you supposing it to be conic into one thing like transportation: you would have found that there was any amount of transportation, that there were plenty of railways and plenty of locomotives; plenty of rolling stock and plenty of people to operate the rail, and you were quite sure that there was a great deal of distress in the world and if everything appeared to be going wrong, and you were ever paid a dividend in the last hundred years on the process of merely lending that what it took in. There is no doubt that the public will have twice the purchasing power, and the price will be halved. That will reduce the gap between purchasing power and prices, and will not produce a shortage in the producer.

Now, it is constantly being stated that that is inflation—of course, these words are bandied about because the public is told that it is not good to have a change in the financial system—do not want it rectified. No monopoly has ever existed in the world such as the one that has been set up, and the one who has been forced to produce something which is not what it was called. No monopoly has ever existed in the world such as the one that has been set up, and the one who has been forced to produce something which is not what it was called. It is a very serious thing to suggest that anything which is not what it is called is good for nothing.

VII.

Well now, let me define the thing. There is such a thing as inflation, there was inflation in 1929. Now, what do we mean by inflation? It means that the price of something goes up because the price is not what it ought to be.

The matter has been explained by a dozen quite respectable people. First of all, the First Secretary of the Treasury, in London, who explains exactly how it is done in his book. I have explained it myself, but I do not care to give an authority, and anybody who likes to go into the matter can convince himself that now the banking system is a mechanism for creating purchasing power. It is a separate organization from the purchasing system which is controlled by the ticket system, and it is there that you have to look for the lack of purchasing power to the means to put right the lack of purchasing power.

Now, what is it that we have to do to put right the lack of purchasing power, assuming for the moment that we have one? (I am not going to answer that.) That is a separate story. (Applause.) But, assuming for the moment that we have the power, what is it that we want to do?

There are two sides to this question of a ticket representing something that we can call, if we like, a value. There is the ticket itself—the money which for the present purposes we call purchasing power, and there is something we call a price opposite to it.

If we have a note as a certain value dependent on the money balances; we can calculate the money dependence on the note in the same way that by saying that: that the purchasing power is universally proportional to the price level, by which we mean that if you want to buy more of anything in the world, you are going to buy more of anything. But you can buy less of anything in the world if you are going to buy more of something. That is what we mean by saying that the purchasing power is universally proportional to the price level.

Now, if you have a lack of purchasing power there are two things that you can do in regard to it. The first thing is to increase the purchasing power by making the purchasing power available and the prices of the goods for sale. But if you do that you come up against a difficulty which is quite well known, and that is that you can increase the purchasing power by making the purchasing power available, because there is nothing to prevent the price of goods being raised when the sellers find there is more money there.

But you can produce exactly the same result by, let us say, halving the price of everything. This is done instead of putting money on one side, if you halve the price of everything for sale you can then produce exactly the same result as if you had done nothing at all. That is exactly the same thing. (Applause.)

There is a very obvious disadvantage in merely halving the prices, namely, which is that in the next article, I have no doubt, you are very familiar. (Laughter.) And that is that the unfortunate man who produces goods is not interested in the article which he is selling at one half the price, or long or keep them under present conditions. That is by means necessary.

Suppose that you decide that you want to double the purchasing power: you can as I say quite obviously do it by doubling the amount of tickets, but not by doubling the amount of money. (Laughter.) Well, it will be done to the public because that will raise prices, I will apply the same amount of purchasing power to the reduction of prices. That is to say, that I will give the purchasing power to the man who produces in order to enable him to produce goods. But if you want to do that, that the public will have twice the purchasing power, and the price will be halved. That will reduce the gap between purchasing power and prices, and will not produce a shortage in the producer.

But, as a matter of fact, while that constitutes a hedge between the lack of purchasing power and the goods you want there to be purchased, it does not meet what is one of the increasingly important aspects of the problem brought about by this. There exists at the present time an entirely new productive
employed, then we would have a state of affairs which exactly parallels the physical facts of the case, and nothing else. (Prolonged applause.)

I can well realise that there is need of great mental adjustment to agree to proceed along those lines. We have developed on the physical and productive side to a stage which we can quite properly call middle twentieth century. We have not developed in our economic thinking processes, which are middle fourteenth century—(applause)—and we have got to make up a great deal of lost time in a very short space; but the only way to do that is to clear your minds of any doubt whatever as to what it is you are trying to do.

If you will persist in assuming that the economic system is going to be some sort of governmental system—that all sorts of moral questions as to whether a certain man is worthy to have what you call a dividend, or whether it would be demoralising to him to have a dividend or something of that sort—you are simply introducing into what is an arithmetical proposition all sorts of propositions which have nothing to do with arithmetic at all.

Make up your minds what it is you want your productive and your financial system to do. Do you want them to be a governmental system? Do you want to make certain conditions which will govern a man getting these things, because if you do you want to dampen down your producing system, you want to cut down your producing system, and stop your producers from producing wealth, and your chemists from finding fresh methods of producing wealth. Stop these people and say, "We do not want any more wealth; there are quite a number of people in the world who are not worthy of having wealth, and we do not want them to have it." I think it is very wrong from my point of view, but if you are going to do that sort of thing, be conscious what you are doing, and do not mix it up with arithmetic—that is the important point.

XI.

Now, before closing, let me put to you: what are the difficulties? The difficulties are not at all on the productive side—the problem is not on the productive side at all, nor is it on the administrative side. It has nothing whatever to do, for instance, with the respective merits of administering, let us say, a large productive factory as a nationalised factory or as a private factory—those are questions of administration.

What we do know at the present time, beyond any possibility of doubt, is that whether the administrative system is perfect or not it is producing, not merely all that we can use by our financial system at the present time, but large surplus, and in my opinion it is merely a question of less than 2 per cent to start reorganising an administration effectively producing system before you have touched upon where the real trouble lies, and that is in the effective demand system, the purchasing power, so that you have to realise that it is neither in the actual processes of production nor in the methods called administration of production that this trouble lies. (Applause.) It lies simply and solely in this ticket system which is summed up in the words, "the monopoly of credit," and the monopoly of credit is to all effects and purposes the same thing as the banking system.

Now I do not want to suggest and I never have suggested at any time, that bankers are anything less than ordinary persons of society, so far as 45 per cent. of them are concerned. I make a reservation of 5 per cent. (Laughter.)

And I wish to say that none of those 5 per cent. are in New Zealand, so that no one can say that I am criticising New Zealand. But you have to recognise this fact: that this monopoly of credit is, as I say, the most terrific weapon for controlling the bodies and even the souls of the population of this earth, because it is controlled very often by publicity, and as there are various ways of disseminating publicity, it has terrible