

## The I.C.F. Conference.

We can make a more general review of the proceedings at the I.C.F. Conference which we described and commented on last week. (First, let us make a correction: the gentleman who had suggested inviting Professor Gregory was Mr. Higginson, not Hutchinson.) Impressions of any event immediately after its occurrence are apt to be out of perspective; and in this case the reports that we had received at the time of writing were not complete. From what we have since gathered the conclusion seems to arise that although in one sense our description of the proceedings as a "night out" for the critics present may stand, precautions are necessary to ensure that future nights out are better planned. Several of those present have communicated the view that the discussion following the speeches took the wrong turning, and that the general effect produced was undesirable. They were hoping to secure some measure of direction and co-ordination of the criticism to be offered, which, as events turned out, was rendered inoperative. No doubt there will be common agreement that several items among the criticisms variously contributed were properly included, and produced an effect. But taking the discussion collectively, it travelled in two directions at the same time, on the one hand seeking to discredit the platform's defence of the existing financial system, and, on the other, seeking to accredit a particular alternative system. This mixing of the issues has caused some disappointment. Not having been present at the Conference, and not receiving any reports of what was said, except by Professor Gregory and Dr. Sprague, we had to base our commentary on the one reliable fact that critics enjoyed an unexpected measure of freedom in saying what they wanted to.

We said a fortnight ago that the right procedure would be for the critics to deal with the platform on the lines of the Macmillan Committee when examining witnesses. On this principle all the criticism at the Conference should have converged on discrediting the case put forward, and have excluded all advocacy of other schemes. It is true that the Conference was called to consider the "remedies" as well as the "causes" of the "monetary crisis," but the strategy of the occasion demanded the exclusive investigation of remedies (if any) put forward by the financial experts under whose régime the crisis had occurred, and with special reference to their claim to be left to handle the situation without interference. In essence the two speakers were asking for a vote of confidence, and in essence the criticism should have been designed to expose the emptiness of their case—a task which could have been accomplished without reference to alternative schemes of any description.

There is no disposition on the part of those who wanted to keep Social Credit, as a rival plan, in the background to complain of those who brought it into the foreground; and, as a matter of fact the first mention of the name "Social Credit," according to an account we have heard, was by Mr. Higginson, who, after Lord Tavistock had led off with a speech recommending "consumer credit," remarked that he noticed several supporters of Social Credit present, and thought it would be interesting to have Professor Gregory's views on Major Douglas's proposals. Apparently it was in response to Mr. Higginson's suggestion that Professor Gregory went into that question on the lines reported last week. Without questioning Mr. Higginson's intentions in the least, the effect of his suggestion was to cause an association between criticism of the present system with advocacy of an alternative system. Now, bearing in mind that there were people present who had no views

either way, nor much, if any, technical knowledge, they would pay less attention to the qualifications of the critics than to their credentials; they would be guided by collateral rather than direct evidence. So when, as happened, the chief criticism against the orthodox medicine-man, so to speak, came from a people who had been pointed out as supporters of a rival medicine-man, they would be less impressed than if the criticism had been detached. If so, Mr. Higginson's doubtless well-meant effort to give both sides a show was, at best, of dubious advantage, and in any case deranged the plans of those critics who wanted to get the whole Conference to stare at Professor Gregory's show only, and to stare it out of countenance.

However, nobody could have foreseen that the ten or twelve supporters of Social Credit who went to the Conference in the modest hope of catching the Speaker's eye and getting a word in would suddenly find themselves occupying the Front Opposition Bench in a full-dress debate. And when it is remembered that advocacy of Social Credit has had to be conducted, as it were, through the key-holes of debating-chambers for the last ten years, everyone would expect that a suddenly opened door should catch them bending. Now that this has happened it is up to those who attend meetings and conferences to discuss future tactics in the light of their recent experience. We have, we believe, given all the facts and arguments necessary for the formation of personal judgments on the matter; and that is as far as our duty takes us.

## Current Sociology.

The speech delivered by Mr. F. C. Goodenough at the general meeting of the shareholders of Barclays Bank has been very widely reprinted, presumably on advertisement terms. Such conditions are a complete safeguard against criticism. The inclusion of the speech is, therefore, either evidence that on the subject of finance the editors of the accepting journals cannot think, or an implication of their parole not to publish their thoughts. There is at present, obvious to every person with the rudiment of a free intelligence, a world-wide war between financial and real credit, in which real credit is held from victory only because its defenders accept the international conventions of the financiers. News of the war appears in the Press only by accident. Comment on it does not appear at all. Mr. Goodenough's speech would have been the subject of a completely destructive critical analysis. *The Scientific Outlook* Bertrand Russell observes that eminent men of science, accustomed to the minutest quantitative precision, and the most abstruse skill in inference, if tackled on party-politics, theology, income-tax, house-agents, and other topics of a like nature, will express wholly untested opinions with a dogmatism inconceivable in their laboratories. On the subject of finance men of the highest mental equipment, specialists in that very field, are able to ignore fact, experiment, and reality; they are able to repeat gratuitous assumptions as if they were verified laws.

According to Mr. Goodenough, the investments of Barclays Bank stand in the balance-sheet:—  
 "at or below their market-price, full provision for depreciation having been met out of the investment reserve account. . . . The head-office premises stand in the books at a safe figure, and the premises account, £6,749,381 is, od., taken as a whole, represents a very conservative valuation."  
 Because many of the assets of a bank are liable to fluctuate in value with the credit of its customers,

and with investment-market conditions, Mr. Goodenough asserts the necessity of a bank to build up strong reserves. From the narrowest possible point of view of the shareholder or "depositor" in the bank, this appears at first sight axiomatic. Considered a little more deeply, however, and from the standpoint of the community, of which shareholders, depositors, and "customers" all form part, and on which the credit of all depends, the secret reserves in his hair, are not only perpetually dangerous, but have been one of the chief causes of the failure to rationalise the financial system. As long as hidden reserves enable current balance-sheets to be balanced, by economic pressure, can hardly arise in the banking section of the community. They are, indeed, encouraged to go on regarding themselves as on a par with the handful of righteous people gathered in the Ark. The simple fact that the bank depends finally for solvency on the command of its customers over the community's credit stamps the method of drawing on hidden reserves as communally disastrous. It is comparable to altering the convexity of the mirror to show the patient that he has not contracted phthisis.

In a general commentary on affairs—on which bank-chairmen ought to have more insight than either politicians or industrialists—Mr. Goodenough explains how unscientific his attitude is outside the very limited technical problem of the immediate safety of his bank within the existing financial system:—

"There is ample evidence that the workmen and workwomen of this country are the most capable in the world, and that they have only to be given a chance under sound economic conditions to prove their skill and ability, and to secure a market for their output.

The sting, of course, is in the tail. Their standard of living is not to depend on their skill and ability. It is not to depend on the real-credit of the community combined with their skill and ability. They are to stuff the market-hall with their products, but they are not to enter as buyers.

"It must, however, be realised that the level of wages and other costs of production . . . must not differ widely from the corresponding level in other countries."

Actually, of course, skill and ability are decreasingly necessary, for the reason that machinery progressively dispenses with both, and could release both, if the potential product could be distributed, for expression in private life or in voluntary group life. Further, the call for great skill and ability along with limitation not only of costs but of purchasing-power—two different things which the orthodox financial technician confuses—must lead to his impalement on a dilemma. Mr. Goodenough adds:

"It is essential to economise and to save wherever it is possible to do so without unduly restricting public or private expenditure of a productive or profitable character."

If for the sake of mental clarity and integrity Mr. Goodenough would disentangle this remark; if he would distinguish the artificial financial causes of the necessity to save from the real causes of the necessity to spend, he would gain the means of saving the character and soul of his profession, along with the bodies of mankind.

Whether Mr. Goodenough's speech was criticised at the shareholders' meeting naturally does not emerge from the advertised report. But the sentiments of those who congratulated the chairman ought to make him very unsure of himself. One speaker recommended the practice and thought of bankers to politicians. He suggested that every politician ought to have one of those sweet American cards on his desk; not the one which inspires confi-

dence by anticipating better times in the New Year, but preferably the one that encourages stoicism: "Whatever is economically unsound is politically inexpedient." Was ever so ridiculous a maxim? In the first place every item of policy suggested by the bankers since the war, including reparations "settlements," deflation, and the last Budget, at the time of recommendation pronounced economically and financially sound, has proved to be economically, financially, and politically impossible. Secondly, the history of banking demonstrates that everything politically necessary could be adopted from moratorium to war-scale production and distribution. Thirdly, the financial system as a whole has demonstrated itself totally unsound, since it has imposed on the world the artificiality of decreasing consumption against industry's real capacity for increased production. There is nothing lacking for prosperity but purchasing-power; which can be created only as a result of the supersession of the credit monopoly by a system of credit for everybody.

In the war between real and financial credit, real credit must win in the long run. But if finance, instead of making terms, insists on a fight to a finish, there will of necessity be a period of world-wide breakdown. Real credit must win for the reason that illusion cannot be permanent in the teeth of experience. That is the history both of science and of mankind. *The Observer* of January 24 contains three curious little balance sheets. Two are in the humorous column, appropriately headed "At Random":

"Fifty tank steamers will be built in Spain for the Soviet, and payment will be made in petrol."  
 "One of the largest cotton spinning firms in Bolton have been asked by the Hungarian Weavers' Association to barter yarn for pigs."

Russia will make use of the tank-steamers, and Hungary will make use of the yarn, if the Lancashire spinners accept. But can Lancashire eat the pork? If it solves that problem, barter will have advanced a stage farther, and a battle will have been won by real credit. The third balance-sheet is even more significant. It appears in an article, by the *Observer's* "Air Correspondent," on the stoppage of work on the Fly-Boat. "Profit and loss," the writer says, may be represented as

SACRIFICE.	
"SAVING.	(1) An important design.
At most	(2) Two years' design and building.
£20,000	(3) Employment for some highly-skilled men.
	(4) The opportunity for early operational experience with this type of aircraft."

That is one of the few sensible balance-sheets, or, rather, profit and loss accounts, published on behalf of any firm or community. If communities had as much understanding of their own secret reserves as bankers have of theirs, such a profit and loss account would ensure the immediate restarting of the work. It is a form of account which can be applied in principle to every economic thrust upon communities in this economic age; and (the word is credited to *Reynold's News*) it is a form of account which totally condemns the standard of financial adjustment which has dictated the economies. While *The Observer* as a whole rants in favour of the existing financial system, its Air Correspondent has exhibited in one brief document the *casus belli* of real credit against financial. Fundamentally the financial credit-system withholds from this and other communities the opportunity of enjoying the fruits of their associated powers.

*Time and Tide* publishes an illuminating article by Count Sforza on the political condition of Ger-