PART III

THE REMEDY

That, since under modern scientific conditions productive capacity is unlimited, and since the existence of indigence and unemployment throughout a large portion of the population demonstrates the fact that the present monetary system is obsolete and a hindrance to the efficient production and distribution of goods, in the opinion of this House the Government should bring forward immediate proposals for the economic reforms necessary to enable the subjects of this Realm to enjoy the benefits to which their present productive capacity entitles them.

Motion proposed in the House of Lords on 15th December 1932 by Lord Melchett

(It is interesting to note that this motion was lost by four votes —only four. Speaking for the Government, the Earl of Stanhope intimated that the desirable objective aimed at in Lord Melchett's motion would, it was hoped, be reached as a result of the Ottawa Conference and—yes, the World Economic Conference! Admirable example of the way things happen—or don't happen.)

CHAPTER XII

FOURFOLD REMEDY—PART I

WHEN you go to a doctor because you are suffering from you don't quite know what, it may take him some time to examine you, but once he has settled what is the matter with you, it will take him only a minute or two to prescribe a treatment. So with our present patient, the body economic. We have taken some time to overhaul it: we have stripped it, laid it on the table, turned it over, made it open its mouth (and say a number of things besides "99"), and generally—so far as space and the modest consulting fee of three and sixpence have allowed—turned it inside out. And the longer this has taken us, the more quickly and surely we should be able to jot down on our pad the right prescription. In other words, Part III of this book should be considerably shorter than Parts I or II; and if we have performed our diagnosis with accuracy, what follows should be short and simple.

We have found that the body economic is suffering from a faulty organ of Distribution, and that the fault lies in the financial system, which is the mechanism through which that organ tries to function. To help us to put this mechanism *right*, then, let us recapitulate what we have found to be *wrong* with it, on the ground that if we can be clear about what we do not want, we shall be more than half-way towards knowing what we do want. Let us look back, therefore, through the previous chapters and comb them for what we can call a List of Evils. Such a list would run something like this:

Evils Arising from the Present System and Contributing to the Present State of Poverty in Plenty

Personal Fear.

Personal Insecurity.

Excessive individual saving and investment (because of this fear and insecurity) in further unpurchasable Production.

The acceptance of the idea that money is a commodity to be traded in for profit.

The inability of the system to issue money except by creating a corresponding debt.

The impossibility of repaying this debt in full.

The growth of this debt, individual, national, and international.

The spectacle of the world trying to "borrow itself out of debt."

The creation, issue, destruction, and control of money by private corporations.

The supernational and therefore often anti-national interests and outlook of these corporations.

Their irresponsibility, their secrecy, their power, and their scope.

The basing of a money system on a commodity (gold), which has, essentially, nothing to do with the need to consume on the one hand or with the ability to produce on the other.

The automatic deficiency of purchasing power.

The necessity for Industry to recover its total

Cost through Price in order to remain in business, and the impossibility of Industry being able to do this because Consumers, who alone pay Price, have not the money to pay it in full.

The impossibility of increasing Consumers' purchasing power without simultaneously increasing Producers' producing power; or, in other words, the impossibility of pumping money into Consumption except by first pumping it into Production.

The consequent unceasing war for export markets.

The alternatives to this kind of war being either an increasing economic misery or an increasing prospect of naval, military, and aerial warfare.

Sabotage.

The necessity, for the sake of self-preservation, for Labour to resist labour-saving machinery.

The necessity to do unnecessary work—which either need not be done at all or else can be done better by a machine—for work's sake; that is, for bread's sake; and the prostitution of Industry to the task of "making work" rather than of producing wealth.

The consequent comparative industrial inefficiency.

The taxation of one body of citizens in order to keep from starvation another body of citizens, whom the Machine, thanks to our magnificent inventions, orderliness, co-operation, and goodwill, has successfully released from excessive and often dangerous and unpleasant work.

The——

Halt! Help!! Stop!!!

Was there ever such a straggling unwieldy company since Falstaff's ragged recruits? Expansion, however, although the list is by no means complete, would add to the unwieldiness and straggling. What, then, are we to do? Throw up the sponge? Go back to writing to the papers, damn whatever Government happens to be in office, and continue to sweat to pay outrageous taxation? No. Happily none of these things is necessary, for the unruly mob of Evils submits quietly to classification; and it will be found that every item on our list, together with as many others as might justly be added to it, can be placed under one of four headings. There are thus Four Evils from which all the others spring:

1. The private control of money.
2. The basing of money on a commodity (Gold).
3. The automatic shortage of consumers' money, or purchasing power.
4. The stipulation that income should be honestly come by only through work for wages and salaries.

Every item on our list, every item which might be added to it, everything contained in this book in the way of criticism of the present system, every economic evil in the world to-day, can be traced directly or indirectly to one of these four. (We pause while the reader tests this by referring to our list.)

If and when the reader is satisfied that this is a statement of incontrovertible fact, we can proceed: otherwise he or she may just as well lay this book down here and now, and not re-open it.

These Four Evils have to be looked squarely in the eye, calmly and, above all, without prejudice. We are not dealing with passions or party politics or *yesterday*; we are dealing with facts and problems; with the fact and happiness of ourselves, our fellows, our country, and of the world—*to-day*. It is precisely because we have hitherto allowed our ingrained passions and habits and prejudices to fashion and dictate our economics that we are in our present plight, and

are presenting the gods gratis with the tragic, yet ludicrous, spectacle of Poverty in Plenty. We all need to be bullied out of our complacency, our stupidity, and our laziness. Among many others, Archbishop Creighton and Walter Bagehot remarked on the instinctive hatred with which we are wont to meet a new idea, and the terror with which we approach the mere contemplation of one. This attitude is eminently understandable when the new idea involves, if carried into action, either toil or self-sacrifice, or disinterestedness. But it is not understandable when the boot is on the other leg, and when there would accrue from the inauguration of the New Economics nothing but benefit to rich and poor alike. It annoys the New Economist, not to see rich people, but to see poor people. It annoys the New Economist to see people torn by anxiety when they might be secure, and miserable when they might be happy, and most of all it annoys him, or her, to see people who are so mentally lazy that they are comparatively content in their wretched harassed state. The truth is we are so used to the curse of man that we are enamoured of it, as Titania of an ass's head. What bewitchment are we suffering from that we have to be dragooned even into prosperity, when the way lies open before us?

The next step, then, now that we have looked the Four Evils in the eye and contemplated them without prejudice, is to set down what we *do* want.

1. *We want the nation's money to be under the nation's control.* As we shall see, this does not involve the "nationalisation" of Industry or any interference with it at all. The New Economics would simply restore the control of money to the Crown; that is, to you and me.

2. *We want our money to be based on our national wealth,*

to increase as that wealth increases, and to diminish as that wealth diminishes. We want, that is, a money based on reality. The New Economics would base the nation's money on the nation's Real Credit; that is, the nation's combined ability to produce goods and services.

3. *We want our money to flow in such a volume and at such a time that it is mathematically and automatically sufficient to buy what we produce immediately we have produced it.*

The New Economics would effect this by a National Discount operated by what it calls the "Just Price."

4. *We want to be able to look upon release from unnecessary work, in practice, as a blessing; instead of, as now, a calamity. The* ONLY *way to do this is to regard citizenship, that is, life itself (rather than work), as the* PRIMARY *claim upon the means of life.*

The New Economics recognises this, and out of the National Balance (if any) it would distribute a National Dividend to its citizens, all of whom are really shareholders in Great Britain, Limited, by virtue of their birth and the fact that the energy of brain or body in each citizen is a piece of Real Wealth, a piece of Real Credit in the capitalisation of that redoubtable firm—Britain, whose true wealth, in two words, is nothing but her Good Name.

Are we agreed so far? This does not refer to the important question of whether such things are possible: it does refer to the infinitely more important question of whether such things are *desirable*. Are they? Four changes in the existing order are being suggested: three of them are administrative, one of them ethical; three of them can be effected by legislation, but the fourth rests for sanction not on the nation's parliament so much as on its conscience and common sense. Are all four changes desirable? All four must be taken together, for the New Economics is a full, rounded, and

synthesised whole, whose parts all fit together. (Nor need it be considered at this point whether such changes are possible, or, if possible, how they can be brought about.) The first thing is, we repeat, are they desirable? Individually and collectively, are the four changes suggested changes in the direction we want to go? Answer!

(*Reader*. For goodness' sake, get on!

Author. No! I apologise, but stand pat! Present hold-ups, like the one you are objecting to, will, believe me, make easy any problems we may stumble on later. *Now* is the time for you to weigh the policy of the New Economics. If you agree with it, good: if you disagree, shut the book. But I am sorry if I have offended. If I have, it is because I want to make sure that *you* are doing the thinking at this all-important point, and am therefore still in something of the bullying vein.)

We are now at the cross-roads, and the following table will act as a sort of map or signpost as we take the road to the unexplored but very friendly country of the New Economics. For brevity's sake, the terms used are graphic and suggestive rather than definitive and technical.

For	Substitute	By means of
1. Private control of money	National control of money	Act of Parliament
2. Gold	Real credit	National Account
3. Deficiency of purchasing power	Sufficiency of purchasing power	National Discount
4. Work—the *only* claim to money	Life—the *primary* claim to money	National Balance

This table, which will lose its cryptic character as we discuss it, contains the essence of both the philosophy and the science of the New Economics. On, then, with the discussion!

National Control of Money

If a majority of voters elect a majority of representatives to Parliament, they can enact any piece of legislation they wish, if they wish it strongly enough. In other words, there would be no difficulty whatever about the actual framing and passing of a Bill to remove, to any extent desired, money and monetary policy from Bank control and place them under National control. The essence of such a Bill, including the King's signature, could be put on a half-sheet of notepaper. Incidentally, one wonders whether any Bill could give a King of England greater pleasure to sign than one which restored to him his ancient prerogative. And now that there is no danger of his abusing that prerogative, seeing that our monarchy is now a constitutional one, his people's pleasure in presenting it would equal his own.

But what is meant by "national control"? Do we propose to jump from the frying-pan into the fire by sacking the bankers and putting politicians and bureaucrats in their place. Is the banking system to become just another inefficient Government Department? Is money, that delicate thing, to become the football of party politics? Is the public purse to lie open for plundering by a "spendthrift Labour Government"? The answer is, No.

Our "national control" means this. Just as the State takes the nation's census: just as the State once registered the nation's able-bodied citizens: just as the State keeps an import and export account, and

publishes the figures: just as the State keeps an account of the nation's births, deaths, diseases, lunatics, criminals, patents, unemployed, aliens, sunshine, rainfall, radio sets, motor-cars, motor-car accidents, and a hundred other things of national concern: and just as the State does all these things quite irrespectively of what political party happens to be in office at the time: and, lastly, just as the State seems competent to do all these things accurately and without "cheating"—so the State, when armed with statutory authority, would control the nation's money by the simple device of keeping a *National Account Book*. (As we shall see, no one keeps this Book now for the sufficient and amazing reason that it does not exist!) And that is all. The rest of the control is mathematically automatic.

The question of "cheating"—or rather that of "not cheating"—cannot be appreciated until we have discussed all four of our proposals, but since it is one of the first questions which raises itself in the mind of the uninitiated reader, we will make some assertions here in passing, leaving the next chapter to prove them. A rascally Chancellor of the Exchequer who tried to "cook" the National Account would find that he had diminished his own income (as well as everybody else's) if he cooked them in one direction, and if he cooked them in the other he would find that his increased income would have less value and so would buy less things. Similarly there would be no inducement for a "spendthrift Government to plunder the people's purse": such a phrase would be meaningless: there would be an account showing year by year exactly what the balance of unspent national wealth was, and the Treasury would automatically proceed to convert this balance of wealth into convenient, transferable form—*i.e.* into money—and spend or distribute it; not a penny more and not a penny less. Does anyone suggest that the figures at present compiled by Government officials for Budget purposes are "cooked," or that if they were anyone but a lunatic would think he could make himself a penny richer by the "cooking"? Of course not! Equally foolish, then, is the suggestion that anyone could make a penny out of the National Account, even if it were practicable to cook it. In short, "cheating" with the National Account under the New Economics would be just as possible, and just as impossible, as it is, say, with the Budget Account under the Old Economics to-day. The Auditor General, who investigates the expenditure of the State's budgetary revenue with both the watchfulness and power of a judge of the High Court, would also investigate and check the keeping of the National Account.

As regards "Government interference" (in the bad sense), this need no more obtain in a national system of money than it obtains to-day in our national system of weights and measures, for which that body of experts, comprising the National Physical Laboratory and appointed by the Government, is responsible to the nation. In a word, our weights and measures are under national control, but do not suffer from Government interference or mal-administration. On the contrary, national control is regarded by the community as both a necessary and certain safeguard.

No "Nationalisation"

It is hoped that the foregoing remarks will have helped to make clear that Nationalisation, in the sense in which the word is dear to Socialists and other parties of the Left, is not intended. Perish the

thought! Only people who are almost wholly ignorant of the proposals of the New Economics—people who have "heard of them"—connect the two ideas together at all.

What devilish things words can be, with their meanings and their mis-meanings. . . . Frankly, the writer does not know exactly what Nationalisation means. But then he doesn't know exactly what Socialism means. To him they are antique words, smelling mustily of an age gone by, and ill-defined. For instance, were many of President Roosevelt's actions in 1933 Socialistic or not? He certainly "interfered" with Industry. In the same year a law was passed in Italy forbidding the iron and steel, the rayon, cement, glass, coal, aeroplane, and many other industries to build new factories or extend existing ones without permission from the Ministry of Corporations. How does this differ from Russian Communism? It is certainly State regulation, even dictatorial regulation. Or to come nearer home, is the Board of Fisheries an institution having a Communistic tendency? It at any rate exercises State supervision. Or the London Passenger Transport Board? Was that a piece of triumphant Socialism slipped under the unsuspecting public nose? The writer does not know. And he has concluded that it no longer matters. On the other hand, what the writer does know and what does matter very much indeed, is that in a welter of prejudice and loose thinking, conversations which may be summarised as follows are taking place every day:

First Person. Don't you think that the nation's money should belong to the nation?

Second Person. Decidedly.

First Person. So do I. But I don't think we shall be able to get money nationally controlled until——

Second Person. Excuse me! You misunderstand me. I don't approve of Nationalisation. Those damned Socialists . . .

And before you know where you are, your best friends meet you next day and tell you that they have heard that you have gone Bolshevist. All because in talking about the state of the world you had used the phrase "nationally controlled"!

Let us have done with blathering about old words the meaning of which none of us can any longer be sure about, hollow names that do nothing in a hard-pressed world but provoke our most stupid passions and obstinacies! In any case, the triumph of the Machine has rendered them obsolete if not meaningless, drifting old landmarks and twisted old shibboleths. Yet there are people, unfortunately a majority, though a dwindling one, who still invest the old words with their old meanings, bowing so reverently to some and cursing so fanatically at others, that they are oblivious of the fact that the world itself has been changed by the coming of a mighty Plenty. Seen in that light, modern politics are even less real than ever they were. Their fights are sham, their truces tactical, their very enmities friendly: their slogans vote-catching, their programmes forced leaps from one burning boat to the next, and their Conferences the day-dreams of an old-fashioned child blowing bubbles. It is this feeling of the utter unreality of the political issues of to-day as ushered by the politicians into the arena and "fought" over—though perhaps it is still more the feeling that empty words still retain some of their ancient power to mesmerise the layman—that has made the writer eschew the name of Social Credit, though it is by this name that the proposals of the New Economics are now most generally known. There is nothing whatever

amiss with the name, but people meeting it for the first time *will* infer that it has something to do with Socialism—an unfortunate inference, because a wholly erroneous one. The New Economics does not plan for any levelling of humanity. Shakespeare was quite wrong: there is much in a name; though it may no longer mean anything of value it may yet remain as a means with which to conjure and even stupefy.

The comic bewilderment into which sticklers for the old names and party divisions are apt to be thrown is well exemplified by what happens when such a body as the aforementioned London Passenger Transport Board is formed. A glance at this typical modern solvent for obsolete shibboleths will do us all a deal of good. Commander Stephen King-Hall, who told the story succinctly soon after the Board's formation in July 1933, wrote as follows:

> The London Passenger Transport Board is what is called a *Public* Corporation.
>
> It has three jobs:
>
> (*a*) To give Londoners the best and cheapest transport in the world.
>
> (*b*) To pay a good wage to the 70,000 people who drive the buses, trains, and trams, sell you tickets, punch your tickets, clean the carriages, and look after the stations.
>
> (*c*) To pay a fair rate of interest to the people whose money has built the buses, trains, trams, stations, and offices.
>
> The L.P.T.B. is called a public corporation because it is run by a small group of people appointed by the Government, but then left free from Government interference. The chief man in this group is Lord Ashfield.

The idea of the L.P.T.B. is that it shall work for the profit of the public rather than only for the profit of its owners, and that when the latter have been paid a fixed amount, any money left over is used to make travel in and out of London cheaper and more comfortable.

The new company has started life with 6000 buses, 3000 trams, 2200 electric trains, and 226 stations. It will buy 35 million gallons of petrol and 400,000 tons of coal a year.

It is a splendid example of British common sense, because it brings together important and useful ideas of Socialism and Capitalism. It is an example of team-work and service, and if it is a success other industries may be able to copy it with advantage to themselves and everyone in the country.

There the thing is: created without a bloody revolution, or even a municipal election; legislated for gladly by the Government of the day; and functioning without friction. Devised by a Labour Minister, it received the support of all the political parties of the National Government and all the commercial interests involved. With its invested capital intact, with the public's confidence in its soundness reflected in a rise in the value of its shares after its formation, with its Lord Ashfield content to remain in administrative charge, with the nation in control of its policy but not of its administration, and with the public its profit-sharers—there it is! But what is it? We leave it to the reader, being, as we said, ourselves uninterested in the answer. It is new, and it works: that is enough. If you like, it is a compromise, and where should compromise be more at home than in Great Britain, which knows more than any other nation how to

adapt herself, how to give and take, how to test things by the work they do, not by their names.

To return to our subject, it can be stated categorically that the operation of the New Economics programme involves no "nationalisation," no confiscation, no displacement or replacement of the existing banks, no change in their staffs or managers. In none of the detailed schemes (of which some half-dozen have been published) for putting the New Economics into operation here and now is there any clause dismissing the present banking system as an administrative institution. Indeed, why on earth should the keeping of a National Account Book involve the shutting of the branch bank you deal with, or require a different kind of bank clerk to serve you?

To hammer home the nails in the coffins of these bogies, let us turn direct to Major Douglas's views on the subject. Major Douglas, with experience of both private and governmental enterprise, looks at the former and finds it good. Indeed he finds it so good that, compared with it, everything else has lagged behind. On the other hand, he looks at governmental excursions into business and concludes that nine times out of ten they would have been more efficiently performed under private enterprise. And we other Consumers reach the same conclusion—sometimes with no little vigour and feeling!

Says Major Douglas:

"A dangerous and subtle delusion is that our present difficulties arise out of what is called the 'private ownership' of the means of production, and would be solved by something called 'public ownership.' This delusion proceeds from a failure to distinguish between the inherent nature of administration on the one hand, and the policy of distribution upon the other. There have been a number of instances, more especially in the last fifteen years, of Government incursions into industry, notably the shipping industry, and it is obvious that no problems arising in any of the industries so invaded have been materially simplified thereby."

It is thus clear that the founder and moving spirit of the New Economics is no friend of bureaucracy. Again and again in his writings Major Douglas drives this point home. In his short Draft Scheme for Scotland (see the Bibliography at the end of the book) he goes out of his way to insert a clause expressly forbidding any Government Department to engage in business of any kind whatsoever either "directly or indirectly." Indeed, fixed enemy both of bureaucratic administration and of any scheme for the wanton regimentation of human beings, Major Douglas is a champion for the individual, and for his or her inalienable right to individual initiative. Especially, we think Major Douglas would add, in an age of Plenty for All.

It must not be thought that the New Economists are alone in urging for National Control of money. The wilderness in which they cry is gradually becoming populated, though it must be confessed that this slender population, outside the New Economists, seem to have only the vaguest notion of what should be done with money when it is nationally controlled. Examples of such gropings towards National Control of money can be seen, in the case of a country, in the establishment of the National Bank of Australia; in the case of an individual, in the remarks of Mr Vincent Massey, Canadian ex-Ambassador to the United States. This thoughtful and respected man, rich enough to be able to speak his mind, urges the need for "a public or semi-public body which, without attempting to interfere

with the banks, would exercise general supervision over the volume of credit and the broader aspects of banking policy, the question of credit control having become too important to be left in private hands," even, he adds in effect, when these hands are both efficient and clean.

Nor must it be thought that National Control of money is a new idea. The fact that Bishop Berkeley advocated it two hundred years ago is, of course, unimportant, but the fact that a hundred years ago the self-ruling island of Guernsey not only advocated the principle of National Control but put it into effect is important. The story of Guernsey's experiment, too long to detail here, is one of unbroken and unqualified success lasting more than a century. And it still continues, for the happy island still exercises National (or, in this case, State) Control. The famous Guernsey Markets, built in 1816, were only the first of a long series of additions to the island's Real Wealth—solid witnesses to the experiment's success. All of them were carried through by Guernsey State money based on Guernsey's Real Credit. And that, too, without a penny of debt ever being owed to any banking institution, or a penny of interest ever being paid. Guernsey managed without: she took charge of her own affairs, and by the aid of State control, simple arithmetic, and common sense, flourished, and still flourishes.

So, you see, money not only *can* be nationally controlled, but *has* been—with success.

* * *

Reader. But where are the details?
Author. There are none.
Reader. WHAT?
Author. There are none! There is only one thing

to remember—and, incidentally, it is not a detail, and we have of course mentioned it already.

Reader. Don't muddle me. What? When? I don't remember.

Author. When we said that *the passage of a Parliamentary Bill to restore to the Crown its sovereign right to issue, control, and destroy money was all that was necessary to enable the nation, through its Treasury, to keep a National Account Book,* AND TO TRANSLATE THE APPROPRIATE FIGURES IN THAT BOOK INTO MONETARY FORM.

Reader. You never said that.

Author. In effect I did. You see, this—the first joint of our fourfold remedy for our fourfold Evil—consists of little more than the obtaining of statutory permission to set the New Economics working. The details you are rightly on tiptoe about concern the Account itself—what are its items? what its figures? etc.—and we shall settle all these matters when we come to the other three joints of the remedy. But before we worry about *how* to keep the Account let us get permission to keep it! National Control is only the unlocking of the door, so to speak, the ringing up of the curtain. I hope it's clear now?

Reader nods indulgently.

Author. Good. Is there anything else?

Reader. No, thank you. Except perhaps to point out that you have been a devil of a time ringing up that curtain.

Author. And don't I know it! But it was essential to bury fast and deep that bogey of "nationalisation," for unless you are a very, very, very exceptional person, if I hadn't laid it you would have raised it! If you deny this, it only shows that you *are* a very, very, very exceptional person. Agreed? Well, then . . . shall we get on with it? . . .

CHAPTER XIII

FOURFOLD REMEDY—PART II

HAVING obtained control of our money, the next thing is to find out how rich we are—or how poor. Obviously this depends on what we mean by the word *wealth*, and here a few definitions will help us.

The *wealth* of a nation is its ability to deliver goods and services when and where and as it requires them: the *credit* of a nation is the belief in that ability: and the *financial credit* of a nation is the estimate of that ability expressed in monetary form, or, as it is called, "monetised." In order to distinguish credit from financial credit, the former is commonly called *real credit*; and in order to distinguish the New Economic thought from the Old, wealth in its fullest meaning is commonly called *real wealth.* In this sense, if we prefer a less formal definition, we can say with Ruskin that wealth is the ability to use all things, and use them nobly.

How rich are we, then—and how poor? Are we rich "beyond the dreams of avarice" or poor to "the verge of national bankruptcy"? Are we "living beyond our means"? Is poverty in the midst of plenty a true, deserved, inevitable phenomenon, or is it merely the result of a faulty system of distributing money? These are questions to which the present economic system can give no satisfactory answer, for the nation's wealth is something very different from the haphazard amount of bankers' money which may be in existence at any given time. Created for private purposes and for profit, and only dimly and indirectly related to Goods, money to-day does not measure wealth.

THE MEASUREMENT OF A NATION'S WEALTH

The basic principle upon which a National Credit Account rests is this: that a nation's Real Credit is not only a very real thing but also an eminently measurable one, and that the larger its Real Credit, the larger ought to be the figure of Financial Credit representing it in the National Credit Account. Only so will Financial Credit reflect Real Credit, and money become a true measure of wealth.

Putting the matter in its broadest form, the Real Credit of Great Britain is greater now than it was when this island was little more than a stretch of forest and marsh inhabited by ignorant people who painted themselves blue and lived in wattle huts. The difference between then and now is the measure of the increase in our Real Credit. And as we look at the country to-day we see that our progress is due to such things as the industrial plant of the country, its network of communications, by land, water, air, wire, and ether, its ability to defend itself, to keep itself in health, etc., etc. If we can measure, or put a value on these things, we shall then have a measure of the nation's Real Wealth. And once we have measured it, we shall be able to keep track of any increase or decrease at any future date. In accountancy, of course, such increase is called *appreciation*, and such decrease *depreciation*.

The astonishing thing is that no such measurement or census has ever been undertaken, and probably the

only conscious effort to assess the nation's wealth was in the eleventh century when William the Conqueror started to compile the Doomsday Book. Omission to keep a National Credit Account has been fraught with the gravest consequences, however, and is responsible for the spectre of Financial Poverty stalking through a land nigh to bursting with Real Wealth. For note what it has meant.

It has meant that the erection of a factory, let us say, which supplies goods desired by the citizens of the nation, while obviously entailing an increase in the nation's Real Credit, entails no corresponding increase in its Financial Credit. For the Financial Credit, or money, which is created and issued for the erection of the factory is withdrawn from the nation through the channel of Prices. The *whole* of this money is withdrawn. There can be no mistake about this, for it is only another way of saying that the cost of the factory has to be *paid for*, or its owner will go smash. Now it is quite right that the cost of the factory should be paid—it is right that every cost in the world should be paid—but it is quite wrong that after the factory is built and functioning successfully for the greater contentment of the nation, the nation should have nothing to show, financially, for the very real addition to its Real Credit which the factory has brought about. It is no argument to say that the nation has the factory's product to show for it: it hasn't, because it has to *pay for* that product, *through prices*. It is no argument to say that the nation has dividends from the factory to show for it: it hasn't, because it has to *pay for* its dividends (since these too are part of the factory's costs)—*again, through prices*. It is no argument to say that the nation has the factory to show for it: it hasn't, because in this case, too, it has to *pay for* the factory, *and again through prices.* Rather the argument runs like this—the nation *does possess* the factory's Real Credit, and nothing short of dynamite can alter that fact, since there the factory stands four-square on British soil; but, lacking an account book, it is unable to enter the item in a credit column. In short, although the erection of the factory has definitely increased the Real Wealth of the nation, the fact literally has not been "accounted for." Until it is accounted for, and until every increase in the nation's Real Credit is accompanied by a corresponding increase in the nation's Financial Credit, our money will remain what it is to-day—a grotesquely distorted and wholly insufficient measure of our wealth.

The *New Age* puts the matter thus:

> Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. *It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources.* This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The italics are the present writer's, and the passage is quoted in full as a gem of lucidity and concentration.

*   *   *

Our job, then, is to measure the nation's Real Wealth—or, rather, to order that this shall be done. For this a yardstick, or unit of measurement, is needed. Some people—the Technocrats, for instance—suggest, or suggested, using energy-units, but one cannot easily conceive a simpler way of throwing a nation into complete mental collapse than by trying to set it thinking in terms of "joules" and "ergs." We have an excellent unit ready to our hand in the £, and there is nothing whatever to be said against our using it as a unit of measurement, and everything to be said for it, provided we remember that we are using it as a yardstick for Real Wealth. As such, it has no connection with amounts of bankers' money.

About the actual work of measurement there is little difficulty; where there's a will there's a way. Every business worthy the name puts a £ value on its capital assets every year, and if Great Britain, Limited, is incapable of performing the routine work performed by every other firm in existence, then she thoroughly deserves bankruptcy and ruin through wanton incompetence. It is not as though the information required was not for the most part already compiled. It is being compiled day in day out by such bodies as the Treasury, the Board of Trade, the Board of Inland Revenue, County, Municipal, and Local Rating authorities, and also, of course, by the accountants of each industrial firm, etc. Indeed it is questionable whether the information we want is not actually available at this moment from several sources and several times over. But we cannot be sure of this, because the facts and figures which these bodies are collecting daily are not looked on in this light nor set out in this way.

Collect from the already existing agencies, then, figures representing the value of the whole of Great Britain's capital assets; of such items, that is, as its land, buildings, plant, ships, minerals, livestock, raw materials; of all public amenities and facilities such as roads, railways, reservoirs, harbours, and defences: and of all "intermediate" and semi-manufactured goods; *et cetera*. Add together the figures so obtained, and the result will be one representing the total price value of Great Britain's non-human capital assets.

[Now the *details* of a National Credit Account, like the details of any economic system, no more concern the ordinary citizen and consumer than the details of an electric power-station concern users of electric light. Is everyone who has a shilling in his or her purse acquainted with every detail of the present economic system? Does a person have to know all the details of the London Clearing House before he or she writes a cheque on a London bank? Of course not. Such knowledge is not necessary. None the less it will be salutary to glance at a specimen detail just for the sake of seeing what degree of detail the programme of the New Economics has reached. But since it is outside both the scope and purpose of this book we ask the printer to put the matter in as small a type as he pleases, and to place the whole paragraph in brackets.

The first part of Clause 1 of the Draft Social Credit Scheme (for Scotland), drawn up by Major C. H. Douglas, is as follows:

"(1) Obtain from existing sources, such as company balance-sheets, land registration offices, and insurance companies, such information necessary to place a money

valuation upon the whole of the capital assets of Scotland, such as land, roads, bridges, railways, canals, buildings, drainage and water schemes, minerals, semi-manufactured materials. No distinction between public and private property. Replacement values to be used where the property is in use."

The Credit Study Group comments on the above as follows:

"(*a*) The word 'buildings' is intended to include every kind of structure recognised as a building for rateable purposes; *e.g.* shipyards.

(*b*) Replacement value is taken to avoid reference to purely financial valuations, which are written down to represent the use value of premises under the existing conditions of financial restraint of trade."

Whereupon the Liverpool Social Credit Association inquires as follows:

"Does the money value of productive agencies mean the amount of subscribed Capital; or twenty years' purchase of annual profit; or the productive capacity in £'s at maximum output? Between any two of these evaluations the result can vary as much as 100 per cent."

To which the Credit Study Group replies:

"The values to be taken are to be Replacement Values of the physical assets, without reference to the amount of subscribed capital in the cases of industrial units. Industrial plants are therefore to be valued for this purpose solely *as* buildings and plant and not on the basis of their monetary capital value which (as the Liverpool commentators remark) 'may vary as much as 100 per cent.' according to whether there is a market for the output or not. Under the Scheme it is assumed that the product of every efficient unit of production would speedily be required. Where the property is not 'in use' the market value on the accepted basis 'as between a willing buyer and a willing seller' would be ascertained. In Clause 5 provision is made for unwanted or unsuccessful units of production to be 'struck off the register'—and therefore written down in the national capital account."

So much for our specimen of detail. It will be noted that on their own initiative Groups and Associations are in active debate about the Draft Scheme referred to, just as political parties and M.P.'s go into active debate about a Draft Bill when it is before Parliament in the Committee stage. And the other thing to note is that every principle, every point, every clause of the New Economics programme for Economic Nationalism has been detailed and debated in the manner of our specimen. If we do not deal with them here it is because they have been dealt with in other places by other speakers and other writers.

After this lengthy interruption let us go on from where we left off. We were just about to add together, if you remember, the value of the items of the nation's non-human capital assets.]

We can go a step farther. Our national wealth is not *only* the sum total of the money value of all the material assets in the country. There are human assets too. If our National Credit Account is to contain realities, it must embody the very obvious one that a factory, say, is no earthly use, and possesses no Real Credit whatsoever, unless there are men either to run it or to consume its product. In other words, the population of a nation, too, has its capital value. A man, as a man, is clearly an item of Real Wealth to the nation, either as a producer or (what is equally important) as a consumer, or both. We are not unaccustomed to evaluating men in the economic sense: thus we say that a man is worth one-tenth of a horse's power. To-day, thanks to our insurance companies and other fruits of our organising genius, we can arrive at a figure representing the capital value of the population. Thus the Metropolitan Life Assurance Company of New York has estimated the

commercialised value of a U.S. citizen of twenty-five, healthy, educated, and with his wits about him, to be a figure around £10,000. The British insurance companies could work out a figure for the Briton. Most likely they have already done so. It would be a rough figure, an average figure, and a big figure. The bigness of it, when taking the whole population into account, need not alarm us. There is no need or obligation to turn it into money and spend it if we don't want to. It is only a matter of book-keeping—so far. BUT—it is true book-keeping. Our Account Book contains the facts and reflects realities.

Add these two figures together—the human and the non-human—and the result will be a figure measuring the capital assets or Real Wealth of Great Britain, in £.

* * *

The figure so arrived at, all-important as it is, is only a figure. What we do with it depends entirely on what we wish to do with it. It represents a fund of unspent wealth which has accrued, if we like to put it so, to Great Britain, Limited, a firm engaged in the Living Business in the Age of Plenty, A.D. How Great Britain, Limited, wishes to spend this fund, if at all, is a matter for its citizen shareholders to decide by electing directors to the board room of Parliament pledged to carry out those wishes. There are three courses open. We can disregard the existence of the fund, as hitherto, and pay still further penalties for not keeping a National Credit Account: or, recognising its existence, we can "monetise" part of it: or we can "monetise" all of it. Whichever course be adopted, one thing remains certain—the nation would not be living beyond its means unless and until it monetised and distributed and spent a greater amount of wealth than that represented by the total figure in the National Credit Account. Until that wholly improbable point is reached, the nation is bound to live within its means: simple arithmetic sees to that, and forbids otherwise. If even the whole of the fund in question were monetised and distributed now, gratis and equally, to every man, woman, and child in the kingdom, the nation would be living exactly *up* to its means; not a penny below it, not a penny above it. In short, money would be based upon, and limited by, not the chance amount of yellow metal dug up from beneath the surface of the earth or that part of it which found its way into private bank vaults as a result of obeying the rules of an international game, but upon, and by, Real Wealth, or the ability to deliver goods and services as and when and where required. Our money would be on a goods and not on a gold basis.

In conclusion we may note two points, one of a cautionary nature, the other of an interesting one. The cautionary point is that we must remember that some of the National Credit (about £2,000,000,000) has already been monetised by the banking system, and the fact that the method of monetising this sum has been a haphazard and labyrinthine one, and its purpose a private one for profit, does not affect the legal and effective existence in the country of this amount of available money. Therefore, if we wish to know the amount still unmonetised we must subtract this monetised amount from the sum total of the National Credit figure. The other thing—the interesting one—is that it has been estimated for Scotland that a sum of about £300 for a family of four, or about £75 per person, could be distributed by monetising no more than 1 per cent. of Scotland's Real Wealth.

CHAPTER XIV

FOURFOLD REMEDY—PART III

It is strange to think that only a few years ago responsible men were able to advocate a policy of "Produce More and Consume Less," and not be placed under medical restraint. To-day, thanks in large measure to the spread of Major Douglas's ideas, this particular form of bleating has ceased. Sanity in that respect has returned, and the cry is now, "Equate Consumption to Production"—a cry taken up by all, from President Roosevelt, whose declared aim on assuming office was to "forget about Production for the time and think about Consumption," down to the meanest intelligence capable of realising that A can never buy A + B.

So far so good; but the trouble is that politics do not conduce to exact thinking, and on the platform any slogan will raise a cheer from some quarter or other provided it is not more than half a dozen words long. So in the present connection. It is worse than useless to shout that the world is suffering from a shortage of purchasing power unless we add the vital phrase, or mean it—"*compared with the aggregate prices of the goods to be purchased.*" We draw attention to this obvious fact at the start in order to dispose, however regretfully, of what may be termed the American Experiment of 1933. Much as one admires President

Roosevelt's energy, sympathises with his hopes, and agrees with his aims, it is certain that these are foredoomed beyond a peradventure to waste and unfulfilment. For what has he tried to do? He has tried to increase Consumption by pumping some three billion dollars into Production; and he has further tried to increase Consumption by urging or ordering a rise in wages. There can be only one result to these measures. Every dollar of those three billion allotted to public works will have to be repaid to the banking system which created them, and taxation levied on the consumer accordingly; and every dollar of that rise in wages will have to be recovered in prices. In short, in America or elsewhere, you cannot increase the net purchasing power of the community in proportion to Production by increasing either Production or wages. On the contrary you decrease it, for the stream of fresh costs issuing from fresh Production is always greater than the stream of fresh purchasing power released. The experiment will fail, because it is an attempt to create a balance by always entering the amount on both sides, purchasing power on the one and prices on the other. What America distributes in higher wages with one hand she is forced to take away with the other in higher prices; so that her problem remains the same, but in an exaggerated form and on a larger scale.

* * *

It is absolutely essential, firstly, as a growing number of people are beginning to see, that the money required by Consumption to enable it to purchase Production shall reach it by some channel other than that of Production. Indeed, *why*, in the name of all that is sane, with Production already glutted with more money and more goods than it can dispose of, *why*

should the only way of getting money to Consumption lie in forcing Production to receive still more money and in making it produce still more goods, so that a part of this money shall trickle through to Consumption? *Why?* No one replies. There is no reply.

It is also absolutely essential, secondly, if we can find a source of purchasing power outside the channels of the Production system, that this source, on being tapped for the benefit of Consumption, shall not lead to "inflation." This misused word we make haste to nail down and define. It is the innocent cause of probably more slipshod thinking to-day than any other word in the language, and it is only a step from slipshod thinking to faulty conclusions and disastrous actions; as the late Lord Inchcape said, "A State can be laid low just as effectively by wrong ideas as by an invading army, and there is no agency of destruction known to the chemists that is half as formidable as the T.N.T. of bad economics." The wrong idea in this case is the idea commonly held concerning the meaning of the word "inflation." There is little use in ignoring the fact that the word has lost its original meaning and has come to mean something undesirable and pernicious. Very well. We accept that meaning, and with it in mind shall once again define inflation, *not*, be it noted, as an increase in money, but as an increase in money *accompanied by an equivalent rise in prices.* Between these two, the slipshod and the accurate, there is all the difference in the world.

Thirdly, it is absolutely essential that our new source of purchasing power, if we can find one, shall be out of the reach of juggling or interference by political parties or private individuals.

Fourthly, it is absolutely essential that the new purchasing power shall be regulated scientifically, mathematically, and regularly, so that the handling of it shall follow the chief principle of the New Economics, namely, that purchasing power shall increase as the country's prosperity waxes and decrease as it wanes, money always being related and tethered to a basis of Real Wealth.

Does such a source exist? If so, is it possible to devise a method of tapping and administering it without violating the four principles mentioned above? Yes. Major Douglas discovered just such a source and devised just such a method soon after the War, and his Scheme, though shot at in the interval from many quarters and with many weapons, stands to-day still unpierced and commanding a growing body of assent.

* * *

In order to appreciate the extraordinarily satisfying nature of the Douglas Proposals, we must know exactly what we mean by these three things: (1) Purchasing Power; (2) Production and Consumption; and (3) the Cost of Production.

(1) Purchasing Power

The phrase means exactly, but only, what it says. Purchasing power—the power to purchase. If your money is doubled and you joyfully run out to spend it and discover that the price of everything you want to buy has also doubled, you have not doubled your purchasing power. Therefore—and this is the point we wish to drive home—purchasing power and money are not necessarily the same thing. We should keep this distinction clearly in mind in examining the Proposal which follows, for this concerns purchasing power primarily. Purchasing power may be increased in one of two ways: either the volume of

money may be increased while prices remain stationary; or, conversely, prices may be decreased while the volume of money remains stationary. Or, provided we treat these devices as complementary to one another, we can use both of them simultaneously. And this is exactly what the New Economics proposes to do; for if we are agreed that at present Total Incomes cannot pay Total Prices, and if we are agreed that they *ought* to be able to do so, then clearly we *must* either decrease Total Prices or increase Total Incomes, or employ both of these methods at once in complementary and mathematically correct proportions, in order to *make* Total Incomes able to pay Total Prices. The New Economics, therefore, would increase incomes to a certain extent and decrease prices to a certain extent, simultaneously.

(2) Production and Consumption

These terms are used in their widest sense of Total National Production and Total National Consumption. Each consists of three main items, the reasons for including which are, upon a little consideration, self-evident. Thus, if we consider any given accounting period, its Total National Production will be the Ultimate Goods produced during that period, plus the Capital Appreciation since the last period, plus the Goods Imported during that period. Imports? Clearly. Imports are in the country not to be buried but to be consumed and enjoyed, since presumably they consist of desirable commodities calculated to add to the Real Wealth and well-being of the nation into which they are imported. Similarly, Total National Consumption consists of Ultimate Goods consumed, Capital Depreciation, and Exports. For brevity's sake, however, we shall continue to use the simple terms "Production" and "Consumption," especially since the reader will have no difficulty in knowing from the context when these denote the full gamut of "Total National Production" and "Total National Consumption" respectively.

The mention of Imports and Exports in the above connection makes it expedient to assure those of us who are accustomed to think in terms of a "favourable balance of trade," that in a nation practising economic nationalism in the manner advocated by the New Economics, *Total Imports and Total Exports would be duly equated.*

(3) COST OF PRODUCTION

Judged by its vocabulary, in which one word often has to connote more than one meaning, economics scarcely deserves to be called a science; it seems rather to be the accumulation of devices which, like Topsy, just "growed." Thus, just as we found two kinds of wealth and two kinds of credit, so there are two kinds of cost, and here again we have to distinguish them by calling the one *Real Cost* and the other *Financial Cost.*

Every producer knows what the Financial Cost of his product is. He has simply to add up all the expenses he has incurred in making the product, and the total is its Financial Cost.

But what is its *Real* Cost? What would its actual cost, its physical cost, be on an island without a money system? A moment's consideration shows us that the Real Cost of anything is the amount of energy and material used up or *consumed* in the making of it. In order that one thing may be produced a variety of other things have to be consumed; and since all of these have either literally gone into the making of the

new thing or been lost in the process in wear and tear, friction and general depreciation, we can say that the production of that new thing has *cost* that amount of consumption. Consumption, in other words, is the minimum price we have to pay for Production. This use of the word "cost" is not alien to us, for we use it when we say that such and such a thing "cost us a great effort." In a general way, then, we can say that the cost of Production is Consumption; and in an exact way, distinguishing between the two kinds of cost, we can say that *The Real Cost of Production is the Financial Cost of Consumption.* (Remember this; it is the primal fact of all sane political economy; also, we shall make use of the fact in the simple sum that follows.)

* * *

The Proposal is that goods should be sold to consumers at their Real Cost instead of as now at their Financial Cost; and that the sellers should be reimbursed by the Treasury or other duly appointed national authority for the amount they were consequently out of pocket. Let us take the two parts of the Proposal separately.

1. *That goods should be sold to consumers at their Real Cost instead of as now at their Financial Cost.*

First, is there anything objectionable in this proposal *per se*, or anything which seems unjust or unscientific in the idea itself, apart from all other considerations? Very well, then; let us proceed.

The Real Cost of Production is a *proportion*, a *fraction*, of Financial Cost. In order, therefore, to reduce the Financial Cost of Production to its Real Cost we must multiply the former by a fraction. What fraction? We do not know. For the moment we must call it x, the unknown, and solve our simple problem by algebra.

$x \times$ Financial Cost of Production = Real Cost of Production.

$$\therefore\ x = \frac{\text{Real Cost of Production}}{\text{Financial Cost of Production}}.$$

But the Real Cost of Production is the Financial Cost of Consumption.

$$\therefore\ x = \frac{\text{Financial Cost of Consumption}}{\text{Financial Cost of Production}},$$

or, more shortly,

$$x = \frac{\text{Consumption}}{\text{Production}} \quad \text{or} \quad \frac{C}{P}.$$

This ratio, $\frac{C}{P}$, is known as the price-factor. It is this which present prices must be multiplied by in order to reduce them to the desired prices. The true price of an article, that is to say, must bear the same *ratio* to its present price as the contemporary value of Consumption bears to the contemporary value of Production. The price so arrived at is commonly called the Just Price. In short:

$$\text{Just Price} = \text{Present Price} \times \frac{C\ \text{(Total National Consumption)}}{P\ \text{(Total National Production)}}.$$

The above conclusion can be reached by so many different routes that there is a real temptation to set out half a dozen of them, in the hope that one will strike home more quickly than the rest and be grasped by the reader instantaneously. But we have room for only one more, which we take from Mr Marshall Hattersley's excellent book, *This Age of Plenty*.

Mr Hattersley denotes "the financial cost of all

national production (including both capital and consumable goods) during any given period" by P; and "the financial cost of all national consumption during the same period" by C; and proceeds:

"Granted that goods should be sold at a fraction of the financial cost of their production, let us suppose this fraction to be represented by x. Now, pricing at Px what it has cost P to produce is equivalent to offering additional purchasing power of $P - Px$ to the consuming public. But the net appreciation of wealth during our given period was $P - C$. If, therefore, our money system is to reflect the economic position accurately, we must equate this potential additional purchasing power with the additional power to provide goods. As $P - Px = P - C$, it follows that $Px = C$ and $x = \frac{C}{P}$."

So much for the simple mathematics of the Just Price. As to the actual application of it, this presents no more difficulty. The respective amounts of Consumption and Production are (like that of the National Credit Account) ascertainable, if indeed they are not in some form or other already available. As a matter of fact, calculations have been made by which the price-factor, $\frac{C}{P}$, worked out roughly at one to four, or $\frac{1}{4}$; and that some years ago; so that, had this fraction been applied during the period for which the calculations held good, consumers would have been able to buy goods at the Just Price of $\frac{1}{4}$ of what they actually paid for them. For if there is one thing in this modern world more certain than another, it is that the rate of Production is greater than the rate of Consumption. Even in the War, when Consumption was "all out" and goods were consumed—largely by exploding them—as fast as they were produced, the net result was a vast increase in the nation's Capital Appreciation, in some units the appreciation amounting to some 400 per cent. And Capital Appreciation, by our definition, is part of our Total National Production. We must be careful, however, not to dislocate the existing order, and a price-factor of $\frac{1}{4}$ might prove too sudden and steep to start with. It might be wise to use a price-factor of three to four, or $\frac{3}{4}$, in the initial stages of applying the Scheme. This would give the nation a National Discount of 25 per cent. on every purchase of "ultimate" goods.

Lastly, the price-factor would be published, much as the Bank Rate is published to-day, but at regular accounting intervals, say yearly or half-yearly.

2. *That the sellers should be reimbursed by the Treasury or other duly appointed national authority for the amount they were consequently out of pocket.*

There is nothing in this Clause to conjure up a vision of "a flood of paper money," or anything of the sort. The economic justification for a National Discount is plain enough; it is that by it Consumption shall be enabled to keep pace with Production. The economic justification of the creation of enough money to cover the amount of the National Discount is also plain enough; for unless it is created the seller is going to be undeservedly out of pocket. But, asks the reader—unconscious victim of generations of bankers' propaganda—will it not mean the State creation of a vast sum of money which goes on accumulating for ever and is never cancelled, and therefore will rapidly depreciate in value? This question, which is a very natural one under the circumstances, brings us to our last important point. The answer to the question is a

categorical NO. Because—

EVERY PENNY CREDITED ON BEHALF OF THE NATIONAL DISCOUNT WOULD BE *DEBITED* AGAINST THE SUM STANDING TO THE NATIONAL CREDIT IN THE NATIONAL CREDIT ACCOUNT.

Thus, although we are dividing our fourfold remedy for clarity's sake into four parts, it is seen how the four parts make one indivisible whole. Take but one part away and the structure totters. The remedy must be applied as a whole, or not at all. And the cement binding its four parts together is the Golden Rule of the New Economics, namely, that a community's money shall measure, reflect, and vary as its capacity to produce wealth.

For the rest, it is a question merely of deciding on the best technique for making the National Discount effective to consumers. Of possible methods there are plenty. For instance, the needed information already exists in the orderly form of retailers' sales returns. These could be checked and audited by the retailer's bank, which would thereupon credit the retailer's account with the amount that he, the retailer, was out of pocket through having sold goods at the Just Price, and the bank itself would be credited with a similar amount by the National Treasury. It is no criticism of the Proposal to suggest that the difficulties of administering it would prove insuperable, when we have at our disposal a banking system, an industrial system, and a Governmental organisation, which among them already perform, in their present-day routine, wonders infinitely more complicated than those which would be required to make the National Discount effective. Again, only a wilful obstructionist would maintain that it would be impossible to apply a National Discount to the purchase of a pennyworth of sweets by a child in a village shop, with such an example as that afforded by the Co-operative Societies under his nose. These, which number their consumers at about one-fifth of the entire population, appear to find no insuperable difficulty in not only keeping a record of every single purchase from a halfpenny upwards, but also in recording every purchase in the personal account of the consumer concerned, and, in addition, keeping current, deposit, savings, investment, and club accounts for many of their customers, and, finally, paying a periodical dividend in cash based on the total amounts of purchases made by the total numbers of consumers in the Society concerned. What work there is, the "Co-op" Discount and the "Co-op" Dividend make it worth while to do; consequently it is done gladly, efficiently, and without fuss. In short, the important thing is to know what we want; the technique for doing it will follow and will be of the best. For however disastrous some of our policies may have been in the past, our administration of them has always been superb.

* * *

This is not the place to dilate upon the beneficial results of instituting the Just Price and the National Discount: space forbids. It is practicable, however, to call attention very briefly to one or two obvious advantages and perhaps incidentally to clear up some uncertainties.

1. Inflation *cannot* result from an issue of money which is itself the result of *low* prices. As prices rise so this issue drops; until finally if and when $\frac{C}{P}$ ever reached unity, the issue would stop, until the ratio once more dropped below unity.

2. It is true that the State would create money to cover the National Discount; but it is also true that the State would simultaneously destroy an equal amount of money by entering an equivalent figure in the debit column of the National Credit Account, and thus reducing the National Credit fund by that amount. The money is being taken from one fund (the backing for which is the national collective ability to produce goods) where it is not being used and is lying immobilised, and quite simply transferred to another fund (consumers' purchasing power) where it is very badly needed.

3. The purchasing power of each individual purchaser is increased at the most desirable and scientific moment—the moment of purchase.

4. A retailer who did not choose to sell his goods at the Just Price would have only himself to blame for his lack of customers. Fools, on the other hand, who paid the Financial Price for an article which they could have got at an equally good shop next door for the Just Price would have only themselves to blame. The New Economics does not, and does not wish to, eliminate healthy competition. Nor does it profess to teach shopkeepers their job, or to make fools wise.

5. Increasing the purchasing power of consumers by a lowering of retail prices is a perfectly satisfactory way of increasing it. It ensures that the new-found purchasing power shall be used for *purchasing*, which is the object of issuing it. It was *not* issued to be saved or invested. Yet that might happen in a number of cases if we increased people's purchasing power only by increasing their incomes. The old habit of postponing consumption until to-morrow would urge them to save such additional income and send it back to

Production by investing it. Every time this happened, it would mean that a financial soldier, specifically enlisted to swell the ranks of Consumption in its desperate effort to hold its own with Production, had gone over to the other side.

6. A nation's price-factor would act as its economic barometer. It would be liable to change each year or half-year. We have compared it to the Bank Rate; it can also be compared to the Exchange Rate, for it would indicate to the people of other countries the degree of a nation's prosperity. There the comparison stops, however, since the price-factor would be a true index to national prosperity and would bear no resemblance to a figure which, as to-day, can be "pegged" or "hammered" to suit, not the physical realities of a nation, but the convenience of international finance. The price-factor, on the other hand, would be controlled by physical realities and calculated by arithmetic.

7. The present banks could continue their present system of "producer-credit" with the proposed system of what we can call "consumer-credit" working alongside it simultaneously. Neither would harm the other. But what a difference in the two systems! For remember that the condition of the National Discount is that it shall not and cannot be issued until a purchase *has* taken place. Under the present system of "producer-credit" the producer says:

> "Kindly issue and lend me a round sum of money because I hope to produce some goods; and if and when I have made them I hope they will be the kind people want; and if so I hope people will have the money to buy them with; and if they have I shall be able to repay you."

Under the proposed system of "consumer-credit," on the other hand, the producer says:

> "I have not only made so many articles, but I have also sold them, and as a result a certain number of citizens are the richer and the happier for having them. Kindly, therefore, reflect this increase in these people's real wealth, and therefore in the community's at large, by issuing an exactly equivalent amount of financial wealth, and credit same to my account. Here are my sales-vouchers."

Which of these two systems is more truly "sound finance"—the one based on hopes, or the one based on accomplished facts? Ask those Martians whom we met in an earlier chapter.

* * *

Lastly, Foreign Trade

The dependence of Great Britain on imports—of food, for example—cannot be changed overnight. The practical question therefore arises as to how imports and exports should be priced in a community which has adopted the Just Price. Clearly, since both imports and exports figure in the computations of the price-factor, the one being included in Total National Production and the other in Total National Consumption, both of them should be treated just like other goods. Imports should be treated as though they had been made in Birmingham, say, and not in the Argentine. The importer of meat from the Argentine will pay for it exactly as he pays for it now, but the butcher who retails it will do so at the Just Price, and of course be reimbursed in the usual way.

Exports, on the other hand, would be sold, as they are sold now; namely, for what they would fetch. To sell them at the Just Price would be improper for two reasons. One is that other nations would immediately raise the cry of Dumping and regard, rightly or wrongly, the Just Price of the exporting country as a subsidised price by which their own manufacturers would be undersold; and promptly, in the heat of reprisals, up would go their tariff walls and their tempers. The other reason against allowing other nations to share in our Real Credit by being able to buy goods at our internal Just Price becomes clear the moment we ask the question, Why should they? They do not, and would not, contribute to the National Wealth (what they send us in imports we would *pay* for in exports), so why should they share in it?

From the foregoing it will be seen that if our exports tended to exceed our imports the price-factor would tend to move against us and to make for higher prices. That would be right and logical, for we should be sending more wealth out of the country than we were taking into it. Accordingly we should find this loss of Real Wealth reflected in an increase in the fraction, $\frac{C}{P}$, and we should have to pay the price—in higher prices. Thus the principle of the so-called "favourable balance of trade," which is based on the curious notion that the more Real Wealth a nation sends out of its domains the better off it is, would be sent to join the rest of the junk of obsolete economics in limbo.

As for the credit or esteem in which our money was held abroad, and the amount of foreign moneys exchangeable for a unit of it, both of these would stand high, since our money, being able to buy much more than it does now, would increase in value, so that the foreigner would be only too glad to get hold of as much

of it as he could. The chances are that it would become so valuable, and we should simultaneously be so prosperous and independent, that other nations out of self-defence would speedily have to adopt a similar economic system.

The tendency, it is clear, would be for Industry to produce with its eye primarily on the home market, as is the natural and desirable thing to do. Distribution, like charity, should begin at home. And at last the home market would possess the wherewithal to buy Industry's product. The tendency would be to import only what we were unable to produce at home, and to export (as a necessity) only what was needed to pay for what we imported. Then, with imports and exports equated, with the home producer given every incentive to produce for the home market, and with the fear that Russian, Japanese, or any other foreign goods would be dumped against him in the home market gone, at long last we should have what the whole world is groaning for—sane foreign trade. That is to say, true trading among the nations, equitable and peaceful; nations enriching one another in variety through an exchange of diversified goods and services. None would have to strain its eyes to the ends of the earth in an effort to find peoples, fast disappearing, whom it could saddle with goods which it could not dispose of at home, and saddle with a debt, too, or foreign loan, for them to buy the goods with. In short, a foreign trade from which the incentive to war would be entirely removed, and the consequent necessity for trading nations to be ready to turn their ploughshares into swords and their fertilisers into explosives at a moment's notice would be gone for ever. This, and nothing else but this, is true economic nationalism.

CHAPTER XV

FOURFOLD REMEDY—PART IV

AND so we come to the fourth and last part of the remedy.

It is not enough to offer goods to the consumer at a reduced price, because he may not have enough money to pay it. He may have no money. And this, far from being a point dragged in for the sake of argument, is one of the major steady happenings of the modern world. For with the shifting of the burden of production from the shoulders of men to the steel shoulders of the Machine, an increasing number of men get no money, "employment" still being the only way recognised by the present economic system of getting money at all. True, there is the "dole," but the dole is paid in spite of the system, not because of it. The dole is not part of the system: it is the high price we are apparently willing to pay to keep the system from breaking down altogether. In any case the present dole is guilty of two grave injustices: one is that it comes out of the pockets of those who are *in* work, and the other that no pains are spared to make its recipients aware of this and to rub in the fact that they are parasites living on the earnings of their fellow-citizens. Quite apart, however, from the dole and its disadvantages, the realities of the situation offer us three alternatives, and three only.

Either (1) we can continue as at present, more and more taxing those in work in order to find the gradually increasing sum of money required to pay the gradually increasing number of those out of work, and so continue to penalise industriousness and put a premium on laziness.

Or (2) we can, so to speak, behead our benefactors, and treat scientists, inventors, and engineers as traitors to the community for having been so foolish-clever as to raise up for us a wondrous saviour to deliver us from menialities and drudgery.

Or (3) we can frankly and gladly recognise that the workless are entitled to money—in the true full meaning of the word *entitled*—and make payment in some way which shall no longer induce in the recipients a feeling of shame.

We can take our choice of these three. But since there is a limit even to taxation, and even to folly, neither (1) nor (2) seems to offer a satisfactory way out.

* * *

Let us approach the matter from another angle. If it was vitally important to you to make a piece of dry barren land fruitful, and if you found a stream nearby which was not being used for any purpose whatsoever, what would you do? Obviously you would divert some of that stream so that it irrigated that land. So in the real world. *If* we can find a stream of money within our domain which is not being used for any purpose whatsoever, and *if*, all things considered, we find it both desirable and necessary to give money to the workless, the obvious thing to do is to divert some of that stream into the pockets of the workless. There can be no argument about that: the obvious course is also the sane, proper, and, as good luck will have it, the easy course.

Now is there such a stream? There is, and, as we know, it flows through the National Credit in the form of National Appreciation, and is charted in figures in the National Credit Account. But, someone will instantly point out, this stream is already being diverted to pay for the National Discount. *Some* of it is. We have quite deliberately not proposed to use all of it for the National Discount. Exactly how much is available altogether can be answered with absolute certainty the instant the nation takes the trouble to keep an Account Book and examine its figures. Even to-day abundant figures are available for those who care to ferret them out. And unless two and two have ceased to make four, and unless we are to brush aside as worthless the calculations and judgments of disinterested men who have made it their life-work to answer just such questions as this one, it is absolutely and undeniably clear, and absolutely and undeniably certain, that it is both possible and practicable for the stream of National Appreciation to take care of both a National Discount and a National Dividend. At any rate we shall assume this conclusion to be right on the excellent ground that there is no reason why it should be wrong.

In our mind, then, let us proceed to divert this stream into the pockets of the workless until they have received as much as they receive from the dole to-day, and behold! what have we done? We have saved the workless from starvation *without* touching the pockets of those in work; no longer are we borrowing from an industrious Peter to pay an impoverished Paul; in short, we have saved that amount of taxation. Moreover, if money were still left in the stream, as

it most certainly would be, the same process could be applied to such State payments as Old Age Pensions and Health Insurance. (It is worth noting, by the way, that the very existence of such funds is an implicit recognition of the right of citizens, as citizens and not as workers, to claim money from the nation.)

And suppose the stream still flowed strong with unused, undiverted money even after it had taken care of these payments and relieved the taxpayer to that extent? How should we proceed in that case? Should we continue to pour it into the pockets of the workless, the old, and the sick? We think not. What about the working, the young, and the healthy? Are they beneath the nation's consideration? We think not. Clearly, to come to the point without more ado, we would act as follows. We, or rather the Government as the agency of the nation's policy and will, would ascertain the sum of money left over after allowing for the National Discount, and would divide it equally among the population without distinction of creed, class, age, or sex. The resulting sum would be the National Dividend.

The dole, or Unemployment Insurance Benefit, together with all the other funds for which a moment ago we were so proud of being able to assume the payment, would lapse and pass out of the picture: the National Dividend would take their place. And far from any feeling of shame attaching to it, the mere act of declaring a National Dividend would inform every recipient of it that Great Britain, Limited, was solvent, while the size of the Dividend would indicate the nation's degree of prosperity at the time.

* * *

A nation which paid a National Dividend would be able to act impartially and justly. It would not be forced to penalise those who, if any, should be rewarded, in order to "reward" those who, if any, should be penalised. Above all, such a nation would act mathematically and therefore accurately. Keeping its book in order, it would keep its house in order.

At the same time, as in the case of the National Discount, caution and common sense would have to be used in the initial application of the Scheme, and probably the first Dividend distributed would have to be much smaller than that warranted from the figures in the National Credit Account. Even so, erring almost grotesquely far on the safe side, it has been calculated that a Discount and a Dividend of these dimensions could be declared simultaneously and now: a National Discount of 25 per cent. on the cost price of every article offered for sale in a retailer's shop, and a National Dividend of £3,000,000,000, or £75 per person, distributable to every man, woman, and child born and resident in Great Britain.

* * *

For some unfathomable reason the mere idea of a National Dividend, quite apart from its size, seems to have the effect of persuading some people that on receipt of it the nation would suddenly stop working, throw itself into a hammock and spend the rest of its life sipping long drinks through a straw.

The best general answer to this is that, were such a metamorphosis to take place, it would be a very short-lived one. For the National Dividend would immediately dwindle and shortly cease, since the calculations for the subsequent accounting periods would show that National Appreciation was rapidly becoming a minus quantity and turning into National Depreciation. Also, of course, $\frac{C}{P}$ would increase and result in higher

prices. In short, the nation, which according to the pessimists would be living on its capital, would find out that it was a case of No Appreciation, No Dividend.

But probably the best answer of all is the one each of us can give out of his or her own personal experience. The writer, for instance, is already in receipt of a payment made to him by a grateful nation on account of what he chooses to call "a slight accident in France" in 1915. It is in the form of a pension, and therefore, so far as the immediate argument is concerned, equivalent to a National Dividend. The amount is £65 a year. Now I am not aware (if the writer may intrude for a moment in the first person) that I am any lazier or any more of a ne'er-do-well for receiving this money from the nation every year. I work just as though I wasn't due to get it, in spite of the fact that its regular remittance does ensure me at least against literal starvation. If I am out of a job I still spend most of my energy in looking for another one, and if I have any energy left over after that I find myself trying to perform some congenial kind of leisure-work, because, like you and every other member of the human species, I am and cannot help being a dynamic and not a static organism. And of course I follow the conduct of Jack who found that all work and no play made him a dull boy. In short, I am just as anxious to earn £10,000 a year as if I had never seen that £65. But I am very grateful for it, for by ensuring me against starvation it saves me from a thousand unconscious petty cares and worries and leaves me freer to work better. The only thing which annoys me about my pension is the realisation that it comes out of taxpayers' pockets—including my own.

The man who is as satisfied with £65 as with £165

—well, he is not of this world and this book is not for him. But so long as a man prefers £165 to £65, so long will the incentive to work remain. And this is putting the matter on its lowest plane, since it quite omits to mention that subtle, but none the less very real thing, the "creative urge." People who, like Professor Soddy, then, visualise the hammock and the long drink and shake their heads will find, we think, that they are shaking them at a false vision—a vision rendered false by both the essential dynamic nature of man and his natural acquisitiveness. The world, as these otherwise astute observers point out, offers a tremendous amount of work to be done. With the payment of a National Dividend the work would be done not only as well as it is to-day, but with a far greater will. For, quite simply, good work would spell higher Dividends. Everyone would be interested in *results*.

* * *

The last remark brings us to an important consideration. Technological improvements and the general progress of the Machine result in an increase of Real Wealth. Very well, then: if the size of the National Dividend depended directly upon the size of that increase in Real Wealth, as it would—for that is precisely the nature and the structure of the Dividend—then gone at last and gone for ever would be Labour's hostility to labour-saving devices. At present this hostility is natural and implacable, but with a National Dividend every form of sabotage would cease, including the obstructive form used by Labour. For there would be no inducement to indulge in sabotage. Indeed the inducement would be all the other way, because once again efficiency and results would make for a higher Dividend.

Furthermore, schemes have been drafted, and we do not doubt that there are a dozen more unpublished in Major Douglas's desk, by which wages generally would gradually be superseded by dividends generally. This can be done in such a way that when a man is "sacked" simply because the Machine is going to do his work for him, and do it better, he will benefit financially through the change and not, as he does now, suffer. The economic mechanism is set forth in Major Douglas's Draft Scheme for the Mining Industry (*Credit Power and Democracy*).

Let us hail those whom we have met in these pages, the French workmen, the Montreal tram-driver, the stage-hand, the coal-miner, and the plumber and his mate. How do they take to the National Dividend? Do they slack? Do they go on strike? Do they try to cling to jobs long after the Machine has rendered them unnecessary? Do they weep when they are released from an unpleasant or dangerous job? The answer to all these questions is that if they wanted to maintain and increase the National Dividend they would do none of these things, for it would be to the interest of every workman and every magnate, of every employer and employee, to do what work there was to be done as well as possible and with as little man-work as possible. The French workmen, then, instead of throwing their sabots into machines would throw their caps in the air and shout for joy. And they would be shouting for all Labour, since "getting the sack," now a tragedy, would become what it truly and in fact is—a triumph and a release.

* * *

The technique for distributing the National Dividend, as in the case of the National Discount, is a matter of administrative detail. A nation which successfully kept accounts for about seven millions of its citizens during the distractions and disturbances of war, and which kept other accounts for the dependants of these and distributed money to them by means of quarterly books of drafts cashed weekly at the local post office, has no occasion to balk at the idea of distributing a uniform dividend to its citizens in time of peace. A few more clerks would be needed? More ink and paper? Undoubtedly. But there are, happily, plenty of clerks and plenty of pens. Are these too great a price to pay for abolishing poverty from the heart of plenty?

In the Draft Scheme for Scotland the suggestion is that payment should be made by a quarterly draft on the Scottish Government credit. In support of the practicability of this proposal the writer begs to state that he receives *his* national payment by a quarterly draft on the British Government credit, and finds no difficulty in cashing it and putting it to the best possible use.

* * *

The justification of the National Dividend is both moral and economic, and can be viewed from many angles.

It resides, for instance, in the fact that consumers, simply and solely as consumers, are every bit as important to the health and functioning of the economic body as are producers or any other of its members—as both Æsop and Shakespeare realised. It is in Consumption that the aim of all economic effort is fulfilled and the end reached. Consumption is the crown of an economic system.

Again, a citizen who is called upon to pay taxes

towards the material and spiritual upkeep of the nation, by so doing is automatically entitled to share in the results of his payments, if they have been used to increase the general wealth. The old cry of No Taxation without Representation, is joined by the new cry of No Taxation without Participation. The citizen's rôle of taxpayer is an expedient one; it *may* be necessary on this or that occasion for this or that particular purpose to take money from him and spend it elsewhere: but his rôle as shareholder in Great Britain, Limited, is an inherent one; a shareholder for life, he is born to claim and hold a share of the National Dividend.

Or we can approach the matter in another way. By 1857 it was possible to say that about eight hundred inventions had been incorporated in the spinning machinery of that date. Similarly, by 1928 over 1,699,145 mechanical patents had been taken out in the United States alone. Such a state of affairs being common to the civilised world as a whole, no man can point to a machine and say with truth, "That is mine," nor any group of men, neither "Capital" nor "Labour," say of it, "That is our doing." The Machine is a trinity of invention, development, and operation, one and indissoluble, and, like civilisation itself, it belongs to nobody except everybody. The progress of the industrial arts, as the late Thorstein Veblen called it, is a thing common to all men, including a host of people now dead and for the most part forgotten. It is a legacy augmented by generation after generation, and also inherited by generation after generation. We are its heirs. Now the nature of a legacy is that it is inherited and not purchased or left unclaimed. This particular legacy we can call the common cultural inheritance of mankind, and unless we claim it we are out of sense, out of pocket, and out of luck, for as Wordsworth wrote:

> Our life is turned
> Out of her course, wherever a man is made
> An offering, or a sacrifice, a tool
> Or implement, a passive thing employed
> As a brute means, without acknowledgment
> Of common right or interest in the end.

And the poet's convictions are supported even by the prosaic laws of copyright, by which no invention can remain private for long. Even the law sweeps it into the stream of the common cultural inheritance.

The National Dividend, then, is not "something for nothing." Rather it is the interest on the capital which the race has accumulated for itself since it became conscious of itself; and this interest is payable for as long as we cherish our inheritance and keep it bright.

Conclusion

We have outlined the fourfold remedy for our fourfold evil, and can summarise it as follows: *Measure yearly the value of the nation, and declare yearly according to this value both a National Discount through the price-factor and a National Dividend. Do these things through the exercise of a nation's sovereign right to control its own monetary system, having reinvested the nation with that right through legislation.*

A structure built upon these principles is one of true economic nationalism; that is, a nation in control of its own affairs and at peace with the rest of the world. Unfortunately but perhaps inevitably, with the failure of economic *inter*nationalism at the World Conference in 1933, the phrase Economic Nationalism—coined

by the New Economics and long current in its vocabulary—was pounced upon to do service as a political slogan for what is called Empire Free Trade. Thus its true meaning was smudged. Empire Free Trade is not Economic Nationalism—it is Empire Free Trade, and differs in no essential whatever from the State Free Trade practised by the forty-eight States of the U.S.A., with what disastrous results the world knows. An economic system is not turned from a failure into a success merely because oceans and seas flow between the units practising that system. Empire Free Trade simply means America's economic troubles in Empire proportions. And the accurateness of the comparison between the United States of America and the United Nations of the British Empire is still further intensified by the fact that they are both equally self-supporting; that is, about 98 per cent. self-supporting, America lacking rubber and the British Empire lacking oil. Economic Nationalism, then, has nothing whatever to do with Empire Free Trade, because Economic Nationalism means exactly and only what it says.

As has been implied, some half-dozen schemes embodying the principles of Economic Nationalism have already been drafted, and reference to the Bibliography at the end of the book will show where some of these are to be found.

But this half-dozen could easily be expanded into a hundred, and the details of the hundred could easily vary by the thousand. That would not matter, for each of the thousand variations would be founded upon and bounded by its particular scheme's abiding principles. Indeed, if Economic Nationalism is to be applicable to any community with a money system, no matter what its size or geographical position, a certain elasticity and variation of details in its application is both necessary and desirable.

The details, as has also been pointed out, do not concern us, nor at any time would it be necessary for us to have them at our finger-tips. Do we have to pass an examination in physics before we can turn on the radio, or in electricity before we can switch on the electric light? Do we have to study the intricate mechanism of the present monetary system before making use of it, and satisfy ourselves that we fully understand the present system of accountancy before we dare spend a shilling? Indeed not. The present system works—as far as its administration is concerned—with perfect smoothness to the accompaniment of a profound ignorance on our part concerning it, an ignorance aptly summed up by the Chancellor of the Exchequer who said, on introducing the Finance Bill of 1927, that it contained alterations which he might say with safety very few people would understand.

Principles, on the other hand, a child can understand. Policy, as distinct from administration, *is* our concern. How best to put those principles into practice, how best to administer that policy—that is for the experts to decide. If they tell us that it is impossible to administer a certain policy, they must also tell us why. Until they do so, the nation is entitled to say, "Do this thing—or get out."

And so we draw to an end. Here, no doubt, the orator would move his audience with an eloquent peroration; here, no doubt, the gifted writer would play a purple light upon a patch of noble prose. But this is a book written for the prosaic "consumer"; it is also written by one; and we are plain blunt men all, and busy ones too. And so, in place of swelling diapason or rounded period, we turn for a message

and a text to the symbol of our nationalism and the source of all our earthly authority, to one who is outside both the tyranny that binds us and the politics which play with us and are themselves under the heel of that tyranny—the King, who with right royal emphasis, thereby making memorable an otherwise abortive conference of the world, on the 12th of June 1933, and in words listened to by his subjects all over the earth, said this:

"IT CANNOT BE BEYOND THE POWER OF MAN SO TO USE THE VAST RESOURCES OF THE WORLD AS TO ENSURE THE MATERIAL PROGRESS OF CIVILISATION. NO DIMINUTION IN THOSE RESOURCES HAS TAKEN PLACE. ON THE CONTRARY, DISCOVERY, INVENTION, AND ORGANISATION HAVE MULTIPLIED THEIR POSSIBILITIES TO SUCH AN EXTENT THAT ABUNDANCE OF PRODUCTION HAS ITSELF CREATED NEW PROBLEMS."

What these problems are this book tries to state; and how they should be solved it tries to indicate.

BIBLIOGRAPHICAL NOTE

THE appended list, if it can be called a list, is a peculiarly arbitrary one, and peculiarly personal, because I shall set down the names of only those books which have particularly interested or helped me, as a layman, to grasp the New Economics. I shall, therefore, doubtless be guilty of grave omissions, but as I am trying to answer the question which I hope many readers are asking at this moment—"What shall I read next? Put me on to some more books on this subject"—I can only answer it out of my own experience.

As the next step I recommend either

Social Credit, by Major C. H. Douglas, M.I.Mech.E., (Eyre & Spottiswoode); or

This Age of Plenty, by C. Marshall Hattersley, M.A., LL.B. (Pitman).

After reading these two books, the first of which contains its author's Draft Social Credit Scheme (for Scotland), the reader will be able to find his or her way round the literature of the New Economics without further help, Mr Hattersley's book containing a full and descriptive list of the worth-while books on the subject.

Other books (not dealing with the New Economics) to which I am indebted in the present volume and which come under the term "light reading" are:

Men and Machines, by Stuart Chase (Macmillan); *What is Technocracy?* by Allen Raymond (McGraw-Hill); and *Upton Sinclair Presents William Fox*, by Upton Sinclair.

No Note of this kind would be complete without mentioning the *New English Weekly* and the *New Age*, each of which boasts a New Economist in its editorial chair. I am immensely indebted to each journal, both in the present volume and as an invaluable weekly *vade-mecum* and barometer of current events.

Finally, there are the works of Major Douglas, who, "discerned in retrospect as having been one of the great contributions of re-oriented Scottish genius to world affairs"—as a fellow Scot puts it—is responsible for the body of thought alternatively known as the New Economics, Social Credit, or Economic Nationalism. Major Douglas's works are published by Messrs Stanley Nott, 69 Grafton Street, Fitzroy Square, London, W. 1.

Books and pamphlets on Social Credit other than those by Major Douglas are published both by Messrs Nott and by Figurehead, 13 Orange Street, London, W.C. 2.

The reader seeking information can obtain it from the Social Credit Secretariat in London. This office publishes the official weekly organ, *Social Credit*.

M. C.

EPILOGUE

IF ANYONE ADVANCE ANYTHING NEW, WHICH CONTRADICTS, PERHAPS THREATENS TO OVERTURN, THE CREED WHICH WE FOR YEARS RESPECTED AND HAVE HANDED DOWN TO OTHERS, ALL PASSIONS ARE RAISED AGAINST HIM, AND EVERY EFFORT IS MADE TO CRUSH HIM. PEOPLE RESIST WITH ALL THEIR MIGHT: THEY ACT AS IF THEY HAD NEVER HEARD NOR COULD COMPREHEND; THEY SPEAK OF THE VIEW WITH CONTEMPT, AS IF IT WERE NOT WORTH THE TROUBLE OF EVEN AS MUCH AS AN INVESTIGATION OR A REGARD; AND THUS A NEW TRUTH MAY WAIT A LONG TIME BEFORE IT CAN MAKE ITS WAY.

GOETHE

FOR THE READER'S EXAMPLES AND NOTES

GENERAL

MAURICE COLBOURNE

Author of "Economic Nationalism," has already made his name known, especially in English-speaking countries of the world, by his vivid bare-fisted writings, which include: "The Wicked Foreman," "Unemployment or War," "The Real Bernard Shaw." His present work is a development of "Unemployment or War," published in U.S.A. in 1928, and quickly sold out. He has always been interested in economics, for as he says: "Anyone who has a shilling is automatically interested in economics, and anyone who hasn't is even more interested."

$1.25