

USURY AND THE GREAT BUBBLE

The Currency.

Money, in the form of minted coins or printed notes, when handed by one person to another in trading, is a promise to pay either directly or through intermediaries certain labour products or services in exchange for other labour products or services. The system of common money or currency guaranteed by the community is comparable with the endless belt or chain which is used over and over again in the conveyance of energy or material from one machine to another.

Cheques, handed by one person to another, record promises to pay, and are in the nature of private money, the bank only acting as a clearing or balancing house for transactions as between individuals.

It is evident that while coins or tokens of metal are convenient because of their hard-wearing properties and general handiness in small transactions, all records of promises to pay could otherwise be in writing or in printed notes. In the case of printed notes in common circulation, they amount in effect and in the sum total to a promise to pay on the part of the whole community labour products or services to itself.

In an ordered state of society the currency at any time would naturally be "backed" by the economic rent of land, but when the community do not possess their natural revenue, they are at the mercy of those who profess to govern them, and the common currency may be debased by governmental forgery. In the reigns of Henry VIII and Edward VI of England, this was done upon a large scale and while much more injury has been attributed to the forgery than can be justified, much real distress was occasioned by it, due to loss of confidence and the necessity of

having to revert to direct barter. This disability is magnified many times in the case of international exchange.

In the absence of the natural "backing" for the common currency, endeavour is made to give confidence to traders by arranging that the intrinsic value of the coin shall be equal to its exchange value as a commodity; hence the so-called "gold standard," in which the sovereign is equal to a sovereign's worth of gold. Notes printed by the Treasury in circulation are then piously believed to be "backed" by an equivalent value of gold hidden away in the bank. We are thus presented with the curious anomaly of labour expended in digging gold from one hole in the earth, only to tuck it away again in another hole to be a temptation to imperial thieves.

Even were the exchange value of gold the best basis for a currency unit, public Treasury notes in circulation need not be "backed" by an equivalent value of gold stored in bank vaults. No such backing is required in modern times for the private notes and bills in circulation, the flow of which at any time is greater than the stream of public money. In practice, one piece of gold is enough as a master measure for the sovereign, the dollar or the mark, in the same way that the yard or the metre is standardised.

Just as we possess units of length, weight and electricity which remain constant, so if we are to avoid confusion in commerce it is essential that we have a unit of currency which cannot be tampered with in an arbitrary manner, and so become a means of indirect taxation and a counter for disastrous gambling. So long as the public acquiesce in the immoral practice of Government forgery by which Treasury notes are printed and issued as promises to pay for services there is no intention to redeem in a regular manner, then confusion and want of confidence will continue in commercial dealings, whether the exchange takes place within the State or with neighbours in other lands.

But gold itself as a commodity varies in value from day to day. Think of the demoralisation in industry if, instead of the measure of length remaining at all times constant, it varied even a small percentage from time to time!

In the nature of things, the sum of the population divided into the total economic rent of a country gives a quotient

which represents a unit value in labour services that is more constant than any currency unit based upon wheat, gold, silver, or any other commodity. Within the ordered State built upon economic justice the public servants of the commonwealth would be authorised by the people to pay in Treasury notes (which would be in fractions and multiples of the unit defined above) for communal services up to an amount equal to the economic rent for the whole land of the country for the financial year.

These notes would be legal tender for the payment of any amount, and form the basis of private promises to pay by cheque. Debasement of the currency by inflation would be avoided by keeping in circulation notes to a definite quantity, as, for example, the value of one year's rent-roll, and this could be accomplished conveniently, in conjunction with the banks, by the tender of Treasury notes by landholders in payment of rent to the community, the notes returned being cancelled by the revenue department as received, new notes being issued as payment for common services to replace the old ones.

In all transactions between individuals the real security is the promise to pay, and the promise is fulfilled as a practical manifestation of the natural Law of Equity, not because certain pains and penalties have been invented by man in a vain attempt to correct the obliquity caused by social maladjustments.

Those who disregard their promise in defiance of the Golden Rule suffer the consequences by loss of credit. No penalty is more effective than that others should refuse to co-operate with a defaulter in the exchange of their services for his. Even in society, constituted as it is, it is rarely that in business recourse is made to "law," or that satisfaction is ever obtained by going to "law."

International Trading.

In modern international commerce no money passes, and accounts are balanced by means of Bills of Exchange. As a simple example we may suppose Smith of England has purchased £100 worth of goods from Morgan of America, while at the same time Robinson of America has purchased an equivalent value of goods from Jones of England. It is

clear that if, in settlement, Smith of England pays £100 to Jones, and Robinson of America pays an equivalent amount to his fellow-countryman Morgan in dollars, all accounts have been squared.

Through the agency of the banks in the respective countries the most complicated transactions are rendered easy by means of bills of exchange, which are tendered like ordinary money. International indebtedness being cancelled by domestic indebtedness, goods pay for goods.

There is no essential difference between domestic and international trading, which is carried on for the convenience, gratification and profit of all taking part. All legitimate exchange tends to the promotion of peaceable and friendly relations, and international trading, far from harming domestic industry, enlarges and enriches it.

The periods of harvests vary in each country, and exchange of produce is neighbourly and advantageous. Each country has natural advantages not enjoyed by another, which enable the labourer living in the favoured country to produce certain goods with less effort than in another country. In some country an advance in applied science may have been made in a certain direction, whilst a different kind of advance in knowledge may have been made in another. In exchange the two countries get the benefit of the combined advantages.

Let us assume that for an effort represented by 50 some commodity is produced in America which in England would require an effort represented by 100, and that for some other product made in England an effort represented by 50 is required as compared with 100 in America. Then by exchanging advantageously, as they would naturally, each country gains in the proportion of 150 to 100.

Many of the imports are intended to be used as tools in the production of further wealth, and the advantages of purchasing, say, a machine tool for a workshop of higher efficiency from abroad as regards future rate of production tremendously outweighs any narrow consideration of its higher first cost, or, on the other hand, the encouragement given to some home machine-tool maker to produce an inferior article when he should be impelled to improve his product.

Gold is an exchangeable commodity like other things,

and it is fallacious to believe that it, or any other commodity, has some virtue peculiar to itself which renders it more desirable as a commodity than other commodities. If the goods obtained in exchange for gold were not more highly esteemed than the gold, they would not be purchased at the price agreed.

The Advantages of the Rich Home Market.

It seems incredible, to those who mistake petrification for evidence of progress, or who think of wealth in terms of money instead of labour products and services, that the accidental better distribution of purchasing power, when the Corn Laws were rendered inoperative, should have such a freeing effect upon industry generally. They cannot see why the power of purchase concentrated in fewer hands should not resolve into a similar effect in the long run.

This mental difficulty is due to it being forgotten how vitally important to humanity is the way in which the purchasing power is expended. For example, it was estimated that in 1835 and 1836 the difference between the natural and the artificial or profiteering price of corn made a difference to the labourer's family of about 4s. per week, and that, say, four million families were thus affected in the British Isles.

These small increments in the aggregate amounted to about forty million pounds of more equitable wealth distributed per annum, and as the possessors purchased not land nor Government bonds, nor did they speculate in stocks and shares, but instead bought manufactured articles, industrial life began to throb with activity because it was freed temporarily.

The subsequent abolition of the Corn Laws gave a further breathing period lasting for some years, and allowed Britain as a manufacturing country to advance in front of other countries. British manufacturers established themselves upon an adventitious monopoly which exists no longer, and the curse of wage slavery is being fulfilled for them as for the farmers.

It is now being lost sight of that a wide, rich home market is more valuable than a scattered trade among barbarians in images, beads, cheap cottons and bad rum, exchanged for palm oil, gold dust and copra, desirable though the latter may be. The external trading of a country is very

important, but at all times it should be remembered that it is a fraction of the internal trading.

So far as Great Britain is concerned, its vaunted external trade has been done largely at the sacrifice of security in the matter of food production.

The Evils of Wealth Concentration.

The action of land monopoly, in causing purchasing power to be concentrated in few hands, has the effect of inducing a traffic in that which is not property. There is the white-slave traffic, and along with speculation in land there is the progressive watering down of joint-stock companies. There is also the collective slave market, in which is bought and sold the capacity of the community to pay taxes or tribute in the future, commonly known as the National Debt.

Industry, whose feet are shackled by land monopoly, is expected at the same time to provide services and labour products as rent and interest to landlords and bondlords. So long as land monopoly remains, the labourer of hand and brain has no hope of recovering his freedom by paying back the principal of the debt. It is not intended by the landed gentry and the so-called capitalists, who put interest before principle, that he shall.

Just as so great a portion of human effort is unemployed or wasted in immoral directions, so, owing to purchasing power being concentrated in few hands, wealth put aside as capital is not employed to the fullest advantage or it is wasted in works of vanity.

The Inflation of Land Value.

If property rights were justly recognised and the labourer not stripped of the reward of his labour, then in self-interest he would only create that which is good. The wealth put aside as capital would consequently be directed to the further production of Goods instead of Ills for Humanity.

But when so-called capitalists, profiting by wage slavery, become possessed of great purchasing power, self-interest for them is directed to the acquisition of greater power in the struggle to escape the morass of poverty which surrounds, and which steadily creeps in upon them. That is to say, self-interest is directed to the welfare of Property before Humanity.

The capitalists themselves cannot, in the satisfaction of their legitimate desires, consume all the purchasing power which the "vested ignorance" of the masses enables them to acquire. That is impossible, owing to the narrowing of opportunities by "the landed interests," which restricts demand. There is therefore a surplus of capital which cannot be employed in production, and it may be said to compete for employment with that which is employed, whether it be employed in good or ill directions.

The rent of land, which cannot be abolished, must either be taken by the community to whom it belongs or it will find its way into private hands. So long therefore as land is held to be private property, there will always be great competition for the acquisition of so permanent and certain an "investment." High prices are paid consequently by capitalists not only for the intrinsic value of the rent, but also for the expectation of future increase and the social power landownership is supposed to confer.

That is why, in the speculative inflation of the cost of land far beyond its economic level, the return upon money so "invested" frequently does not exceed 2 per cent. It is for this reason that wealthy capitalists, accustomed to get a good return for their investments, administer a recently purchased estate with far greater rigour than their more aristocratic predecessor, who was deterred by personal considerations from raising rents of tenants to the highest point possible.

Investment and Speculation.

The capitalist who lends purchasing power to some promoter of a new or extended enterprise is doing something which is generally of real benefit to the community. The investment may provide tools for the increase of wealth and employment. It may provide the consumer with some useful commodity and fill a long-felt need.

There is a great difference in utility between this action and the action of the capitalist who becomes a landed proprietor, or who assists a promoter to form a trust amalgamation or otherwise attempts to make a "corner." The latter is calculated to decrease the production of wealth and lessen employment; and the effect of the trust in restricting output

to raise prices is that the consumer is enslaved to the monopoly by the private tax of the profiteer.

The success of any commercial undertaking, useful or otherwise, may lead to excess and disaster in the competition for shares on the stock exchanges by those who hold more purchasing power than they can find useful employment for. It is, however, in those undertakings which are of the nature of monopolies, such as the circulatory systems enjoying legislative protection, combinations of financial interests and "vertical" trusts, that the greatest gambling takes place.

The South Sea Company is an example of a trading monopoly given certain governmental "concessions," which illustrates, in its rise and fall, how the greedy capitalists are plundered by operators with "inside knowledge." When the stock of the Company mounted from £100 to £2,000, it was not that the actual value of the stock had become twenty times what it was originally, but only that the promoters, who had sold out at the higher figure, determined to themselves labour products or services twenty times what they subscribed.

The railway mania in 1844-5 outdid even the South Sea Bubble in the mad scramble which took place for stock. Scandals of all sorts surrounded the promotion of the railways in Great Britain and elsewhere. Useful canals were purchased by the companies and almost entirely put out of commission to prevent their competing with the railways, so that the fares and freights extorted from travellers and traders would pay "interest" upon money expended in this irregular fashion.

Extortionate sums were paid to landlords for land, frequently swampy and derelict, and much railway stock, for this reason among others, has never paid a dividend, in spite of the monstrous charges made for the conveyance of passengers and merchandise. The overcapitalised railway companies have been notoriously unprogressive and inefficient. Similarly, the telegraph, telephone, gas, water and power supply companies have been waterlogged and hampered by the improper use of capital in legal charges and in purchasing way-leaves from landlords.

Yet it is in such diluted capital investments that gambling counters are chosen frequently by idle purchasing power.

Cunning "bulls" and "bears" with "community of interest," by means of judiciously spread rumours in the newspapers and elsewhere, influence the "outside public," whose buying exalts prices of "securities" to dizzy heights, or whose panic-stricken selling deflates them to the depths. In the process the madding crowd of speculators are plundered by the operators, because they usually buy towards the top of the price and sell at the bottom.

It is told of Jay Gould that upon one occasion, being asked for advice in investing some money by the pastor of a fashionable New York church, he whispered a recommendation of Pacific Mails, and at the same time offered to reimburse the reverend speculator if his purchases of this favourite gambling counter should result in disappointment. When the pastor came to Gould later, having suffered heavy loss on the transaction, the financial expert handed over a cheque to cover the loss. "But how about my parishioners?" bewailed the poor man. "You placed no ban of secrecy upon me, and their losses are enormous." To this Gould merely replied, "Yes; they were the people I was after."

The Recurrent Financial Panics.

It would be wrong to conclude that the smaller rises and falls in stock-exchange securities and the greater financial panics which recur every few years were entirely or mainly caused by the "pools" of operators. These, like the blind political operators forming a Government and supposed to lead or drive the blind multitude, merely try to advantage themselves, without any real intention to harm their fellows, who act simply in conformity with a social maladjustment.

In the case of the smaller movements, an edifice of fictitious value in some security is built up, similar to the driven snow upon the mountain-side, and its resting-place may or may not be indicated by the example of a "community of interest." It builds ever higher and higher, due to speculative buying, and the accumulation may be started down the slope of exchangeable values like an avalanche by a slight disturbance of selling by the "pool," which becomes itself sometimes overwhelmed in the disaster brought about by the gamble.

In the case of the larger movements, speculation going

on concurrently in land, which is not wealth, but the source of all wealth, there is caused restriction in the production of real wealth due to narrowing of opportunities. The base of industry, upon which speculation rests, is thus gradually undermined, and becomes smaller and smaller in inverse proportion to the growing superstructure of gambling.

Borrowing and counter-borrowing take place. "Options" are purchased, loaned purchasing power is risked in "margins," and the unstable structure topples and at length collapses. Banks close their doors, thousands are ruined in bankruptcy, and the consequent dislocation of trading impoverishes others by unemployment over long spells.

Recurrent financial panics, which are caused by speculation, especially in land, are very similar in miniature to the collapses of civilisations which have taken place over longer cyclical periods of the historical epoch.

The National Debt.

After the Restoration, Parliament having divested the King of the power of raising taxes, the royal spendthrift was forced to agree to very onerous terms for money lent to him. It is written, "King Charles the Second being in want of money, these goldsmith bankers took 10 per cent. of him barefacedly and by private contracts. On many bills, orders, tallies and debts of that king they got 20, sometimes 30 per cent., to the great dishonour of the Government." The King, receiving no support from Parliament, was unable to repay. His repudiation ruined many people who had lent their money through the goldsmiths, and the bankrupt finally escaped the consequences of this and other immoral actions by premature dissolution.

That which was deemed dishonourable in Charles came to be regarded honourable in Parliamentary Government. Subsequent rulers wisely conformed to the Constitution, and while they continued to speak of "my people, my army and my navy," took care not to speak of "my debt." The advent of the new sham democracy, and the substitution of the divine right of the State for the divine right of the King, was signalled by a delicate compliment to the hollowed majesty of the people, and the State debt was named the "National Debt"!

The lesson of the South Sea Bubble drew the attention of the governmental operators to the greater possibilities of cheap purchasing power in the hands of those profiting precariously in wage slavery, and the National Debt, secured upon the tax-paying capacity of the nation, formed an apparently safe depository for moneylending capitalists seeking an alternative to the traffic in land.

Landlords for a time declaimed against the "new-fangled" finance, which competed with their monopoly, but even they succumbed in time to the attractions of the "blessed" Debt, which flourished exceedingly above the general misery of the poor, who were taught in the schools that no country could ever become great without its beneficent debt.

The captives of superstition, warring in the prison of land monopoly, thus compelled themselves to forge the golden bonds of usury, which grew stronger every succeeding generation. Read the following recent (1919) official advertisement, putting forward its advantages in the face of a falling revenue:

"To buy the Funding Loan is to create an estate. The Family or Trust or Business which puts £10,000 into this security and holds it continuously until 1960 will by that time have received no less than £20,000 in interest alone. Even if the State then exercises its rights to redeem the loan at the earliest possible date, viz. in 1960, a further sum of £12,500 will have to be paid for every £10,000 originally invested, making a total return of £32,500 for every £10,000 invested in Funding Loan now."

Foreign Loans.

The indigenous debt did not absorb all the unemployed purchasing power concentrated in the hands of the capitalists, and so, besides promoting loans to their own political monopolies called Governments, the super-capitalists, like the Barings and Rothschilds and J. P. Morgan, have also negotiated loans to foreign Governments struggling to establish power and might.

There is a great difference in utility between loans of this nature and money invested as capital in providing agricultural implements, seeds, and buildings for industrial enterprise in a new country, which, employed by labourers of head and hand, increases the wealth of nations.

Foreign loans to Governments, to be expended in building warships and other slaughtering devices for the purpose of oppressing and taxing their nationals, discourage the production of goods and cause the unemployment of labour and capital.

Struggling egoisms, like South American Republics and the Balkan States, are forced to agree to high rates of usury because of uncertain revenue. A loan may be offered for subscription to the European public at 100 by the issuing house of super-moneylenders, who only hand over 75 per cent., the remaining 25 per cent. being devoted to expenses and commission. After the negotiators and officials of the debtor country have handled it, the purposes for which the loan was originally subscribed probably do not get allocated more than 50 per cent.

"Interest" may have been agreed at the rate of 6 per cent., but by this means the tribute from the industry of the impecunious State or municipality becomes in reality 12 per cent., plus the cost of collecting the plunder. After a year or two the demands of the moneylenders may not be met, or the nation in its economic prison may lapse into anarchy, caused by the exaltation of prices rendered necessary owing to heavy taxation.

Such failures have sometimes brought about intervention by the armed forces of the moneylender countries at the expense and to the danger of their citizens, most of whom have no interest in such a sordid undertaking. It was this consideration which was at the root of the disastrous French and British intervention of 1918-19 in favour of the infamous reactionaries of Russia, Koltchak and Denikin, who were trying to set up another Tsarist absolutism.

The system of foreign loans is the more modern method by which one State becomes tributary to another, and "capitalist" Governments, in the name of their peoples, have acquired the "protectorate" habit, employing great robbers of finance for their purposes. It has been suggested by certain good-intentioned people that the League of Nations should acquire power in this way and become an international moneylender. Such policies are well calculated to create situations favourable to the perpetuation of warfare between members of the League, just as civil strife is stimulated by high taxation.

War Economics.

That mere employment, arduous or otherwise, is not in itself a blessing has been well exemplified by the Great War of Europe, in which millions of people have been, for nearly five years, busily killing each other without regard for sex or age. Nevertheless, a lesson has been provided for those with eyes to see and the use of their understanding.

The proved capacity of the belligerent populations to produce an almost limitless amount of Ills, is evidence that in different circumstances they might have been Goods to an equal extent.

The determination of labour to the immediate establishment and maintenance of huge armies and navies, supplied with guns, projectiles, bombs, mines and poison gas for the business of destroying humanity, could equally well have been expended in the production of food, clothing, houses and other necessities and luxuries for the preservation and happiness of mankind.

Such a consideration made people wonder during the Great War why poverty existed before, and why it should continue.

If, for example, it is possible for Great Britain to keep and supply with munitions seven millions of war establishment, while hundreds of thousands of the population were engaged in "work of national importance," and at the same time also fed, clothed and more or less adequately sheltered, there is no natural impediment to the provision of all the necessities of peaceable life upon the most generous scale when all, including the armies of "no occupation," are engaged in wealth production—and this without struggle and long hours of daily toil.

But is this possible, when a very small number are superstitiously believed to own the source of all wealth, not only the surface, but also above the surface and down to the centre of the earth, endowed with power, by reason of this superstition, to allow the remainder to exist only upon the profiteering terms of monopolists?

The Cost of the War came out of Contemporaneous Production.

The accumulated wealth of the country, which comprised houses, railways, engines and ships, and so forth, in the

possession of individual citizens, was used up to some slight extent, while the pre-war "preparedness" was used up almost entirely, during the progress of the war. But no reasonable person imagines that the huge running costs of creating and maintaining the land, sea and air services upon the war basis came out of past accumulated wealth, or that they could come out of future production by means of any feat of jugglery.

The cost of the war came mainly out of contemporaneous production in labour of hand and head, and the raw materials upon which labour was applied were taken from the earth mainly during the war period. Whence, then, comes the debt?

Instead of imposing taxation upon the same basis as the Military "Compulsion" Acts, and establishing at the same time Compulsory Civil Service, the latter was only applied to a limited extent in the case of industrial workers, and most of the purchasing power was lent, instead of being compelled from the war profiteers, among others. Landlords, for whose land the defence was made, and those who profited upon the wage slavery created upon the private ownership of land, thus obtained Government bonds, which were designed to command wealth as others produced it, not only for themselves during their lifetime, but also for their descendants, in the guise of "interest."

How the Base of Vested Interest was broadened.

The invading Germans in Belgium found a screen of widows and orphans a protection against the brave defenders, and the solicitude for the small moneylender¹ was intended as much to popularise the debt, and thereby screen the large bondlords, as to collect the comparatively small purchase power of the million.

The boasting which precedes borrowing was well illustrated in the pushing advertisements of "Victory" and "Joy Loans" after the Armistice, but it was not so startling as when the captives, "fighting for freedom," were invited to load themselves with "Liberty Bonds"!

The Prosperity of the War.

The prosperity of the Great War was not all fictitious. Owing to the temporary, almost complete cessation of

¹ War Savings Certificates were free of income tax.

unemployment real wages increased, and a better distribution of wealth took place, with surprising effect upon the general welfare of the nation. The comparative prosperity and attendant increased circulation of money could have been produced, however, without the accompaniment of killing, if, believing it to be urgently necessary for the preservation of the nation, some special combined effort of sufficient magnitude had been undertaken in almost any direction or directions.

Instead of shells and poison gas, snowballs and ozone might have been manufactured upon an immense scale. Instead of ironclad warships, great fleets of pleasure and commercial craft might have been built and put into commission. Instead of trenches and dugouts, the low-category dwellings of the people might have been replaced by garden city residences. Meanwhile, a large proportion of the population, including all the physically unfit, could have been conscripted for lengthy holidays to the Continent and elsewhere.

But the other more unpleasant symptoms which obtruded themselves as the European War proceeded would also have appeared eventually. How to avoid them is what we must discover.

The Post-war Stagnation.

During the progress of the Great War labour was gradually withdrawn from the "key industries" of peace, namely, food, clothing, houses and utensils. These were therefore used up at a greater rate than the rate of replacement, and the usual scarcity became intensified.

In the niggardly markets, profiteering became rampant in these and all other commodities, in spite of the vain attempts of Government "controllers" to regulate prices. The rising "cost of living" soon absorbed, and continued to absorb, all rises in wages, measured in purchasing value. It was short supply which caused high prices in the first instance, and really not, as it was frequently stated by the profiteers themselves, that it was due to the "pampered British working man," or that "the preposterously high wages of the lower classes forced up prices."

There were many contributory causes for the stagnation

following the close of hostilities. It was natural for some disorganisation to take place in changing over from war to peace-time activities, but considering the long overdue necessities which called out for satisfaction in every direction, the period of stagnation did seem, and was indeed, far longer than was justified upon that account.

Instead of labourers returned from the war and liberated from munition work being quickly absorbed, there was so little demand for their services that it became a pressing problem to know what should be done for the army of "no occupation."

Munition factories were therefore retained in commission making war material, which was dismantled or destroyed afterwards, because, although about a score of smaller wars were in progress in different parts of the world, the dissipation at the main war area had ceased, and it became inconvenient to handle and store the output. It was therefore considered better, as an alternative, to pay unemployment doles to the discharged soldiers and munition workers, who therefore continued to be kept by those engaged in production. The latter were in dire need themselves very often, but there was the invisible barrier of land monopoly between the desire and the satisfaction of this potential demand.

To those not seeing the cause, it seemed as though nothing could be done for the unemployed, except to continue the doles and delay demobilisation. This perplexity may explain part of the apathy after the Armistice and the resistless drift into the adventure initiated by Mr. Winston Churchill in Russia, followed by Sir Hamar Greenwood's punitive expedition into Ireland, which had resisted military conscription.

The stagnation and discontent continued. One section of the community blamed the other for the high prices, low wages and unemployment. Trade-unionists were accused of opposing the employment of discharged soldiers, men and women were accused of taking a mean advantage of the dole paid through the labour exchanges to remain out of work, and yet thousands accepted work at ridiculously low real wages and salaries. Employers were blamed for taking advantage of the labour glut and paying such low

remuneration, and yet the greater number strove not only to fulfil their promises given during enlistment, but to do better when possible. Goodwill was overborne by the operation of economic forces.

The Shortage of Raw Materials.

It was the shortage of raw materials, given as one reason for the stagnation, which was the clearest indication that there was constriction at the source of all wealth. But what raw materials really were, or whence they came, appeared to be somewhat obscure.

It was vaguely believed by the "Johnnies-head-in-air" that nearly all raw materials came from distant countries overseas, and that in view of the shortage of shipping little could be done for some time towards improvement. The blockade was retained long after the signing of the Armistice against the Germanic countries to prevent the precious raw materials escaping thither, and then, with inexplicable inconsequence, each victorious Entente Ally proceeded to blockade itself by a system of embargoes, restrictions, import duties and sur-taxes, piously believed to be upon finished and semi-finished materials.

It was subsequently discovered, after painful experience, that these goods in most cases were raw materials from the point of view of those who required them; that where they were not, it was far from being a case of "dumping"; that some real "dumping" would have been like rain upon a thirsty land; and that the blockade against Germany was also a blockade against her enemies!

In the confused pursuit of the shadow it was taught that a country became wealthy upon what it sent out. "We live by our exports, we live by nothing else." (Sir A. Geddes, House of Commons, July 1919.) This expensive Government expert did not explain that Britain had become a "subject nation," paying tribute in exports to foreign financiers, as, for example, those of America and Japan.

The "Blessed" Debt and High Prices.

Sir Auckland was gloomily pessimistic in the figures of comparison between British and American export prices. How could Britain hold a foreign market when her prices

for steel rails, ships' plates, pig iron and coal were from 20 to 50 per cent. higher than the corresponding prices quoted by American suppliers, high as the latter appeared to be?

Wages in America were at the same period substantially higher than in Britain, which perplexed those who attributed the higher prices to high wages.

The main war demand had ceased, and while supply was not profuse, there appeared to be, on the face of things, little to justify prices being maintained. But they were not only maintained, they were increased.

In the case of coal, the public almost discovered the fraud which was being perpetrated. It was pretended, in order to exalt prices, that coal was not plentiful, and to heighten the illusion supplies were immediately withheld from the domestic consumer. Government "controllers," controlled by force of circumstances and unable to satisfy the appeals of consumers, only assisted the trusts and trade rings in the process of deluding themselves and the public.

Although the primary industries of farming, mining and quarrying were notoriously understaffed, labourers were not taken into employment to increase production. They were discharged rather, and paid unemployment doles. In the secondary industries there was consequently enforced restriction of output, and it was if anything intensified by employers, who were unconsciously assisted by employees in their agitations and strikes for shorter hours in order to get their unemployed comrades re-engaged, and for higher wages to meet the necessarily higher cost of living.

Only the latter actions were noticed by an undiscerning public, who were herded like cattle in a shortened service of railway trains and served by inadequate station staffs. Unable to see, blinded with the dust raised by fruitless controversy, declaiming against the retailers, who had long since ceased to be profiteers, each section of the harassed community blamed the other for the high prices. Unemployment doles had meanwhile to be continued to those who would have been glad of an opportunity to assist fairly in producing the things so urgently required for their existence.

It was seen by few that the heightened prices, which put even ordinary commodities out of the reach of so many,

were due to the natural desire to pass on to the consumer the taxes upon production, which went to pay, among other things, "interest" upon the National Debt. The war demand had ceased in a great measure, peace activities were delayed by the operation of the land monopoly, purchasing power was in increasingly fewer hands, and in view of the shortened demand, prices had to be advanced further upon those yet able to purchase than at first sight seemed necessary.

This was the reason for the hurried restriction of output which everywhere took place until a differentiating equilibrium was restored as between buyers and sellers. This was also why there was a tendency to force wage-earners to a yet lower standard of living.

America's National Debt being lighter than Britain's, it was to be expected that commodities produced equally well in either country should be exported more cheaply by America.

Producers and Consumers.

By the time any article has reached the purchaser, it has generally passed *en route* through many hands before it is finished and finally produced. Primarily the agriculturist, the fisherman, the miner or the quarryman takes the raw materials from the earth and passes them on to the merchant, who supplies the secondary industries which prepare and manufacture them into new forms. From the hands of the industrial workers the goods find their way to the wholesaler or jobber, who attends to the wants of the retailer, who in turn satisfies the demands of the consumer.

The price of the commodity to the consumer must upon the average include the wages, salaries or profits of all those engaged in its production. When it is sought, therefore, to take from each individual a portion of his remuneration as taxes, there ensues a scramble by sellers to pass on the tax by means of an increase in price to the buyers in the chain of producers and consumers.

Thus the retailers, in a market already "short" owing to the action of the land monopoly, pass on their share of increased taxation, plus a little besides for collection, to the consumer, effecting the purpose by the exercise of a little further artificial restriction of supply. The wholesaler or

jobber acts in a similar way to the retailer, who accordingly repeats the process as he passes the wholesaler's advance on to the consumer. In like manner the increases made by the manufacturer, merchant and the suppliers of raw materials, i.e. the farmers, miners and fishermen, also restrict output, and pass on their charges for taxes, and a little more to cover themselves, to be eventually loaded upon the price to the consumer.

It is easy to see that there comes a balancing time, when profiteering is out of the question for the retailer, who finds that turnover and small profits must have consideration. Later, the jobber finds himself in the same position; still later, the manufacturer, then the merchant, until finally the supplier of the raw materials is reached.

During the process, the suppliers of the perishable raw materials, like milk,¹ vegetables and fish, may find it more profitable for a short period to destroy some quantities of such stock, and sell smaller portions at an enhanced price

¹ In the summer of 1919 the rich and powerful farmers induced the Food "Controller," who was a Labour or trade-union representative, to fix the price of milk so high that it was put quite out of the reach of thousands of poor consumers. In order to encourage its sale in the form of milk, the prices of butter and cheese had been fixed so low that it was no longer profitable to manufacture these commodities. The total effect of the interference was that there was an "overproduction" of milk, and gallons of it were destroyed, the farmers and retailers making good profits by selling the smaller quantity at the high fixed price and sending cattle to the meat market.

This constituted one of the many public scandals of maladministration, and in January 1920 the unhappy "Controller" suggested the decontrol of milk, which drew forth a great storm of protest from the "protected" farmers. They threatened to go out of business, "the plough shall rust under the hedge," therefore the control was continued for a further period. It was a ludicrous situation, because the very persons who had opposed control were now advocating its retention, shrinking from the "draught" of free supply and demand.

A similar situation arose in the case of coal in the spring of 1921. The "control," which the general public imagined was keeping the price of coal down, was in effect keeping it out of their reach. They were therefore easily scared by the threats of the coalowners that they would raise prices when the "control" ceased. Coal was decontrolled, however, because it was found eventually that, instead of bringing in revenue, the industry was a charge upon the Treasury. Thereby hangs a tale!

rather than sell larger quantities at a lower price. Such waste took place frequently in 1919, when poor English children were famishing. Concurrently, it happened that the profiteers, grown rich in the war period, able to pay any price for food, were competing against each other for expensive motor-cars, paintings, jewellery and furniture.

The latter were plainly not being impoverished by the "blessed" Debt. They, at any rate, might well believe in the Government injunction, "To reduce the cost of living, buy Victory Bonds!"

But the wave of prosperity does not remain with the farmers, miners and fishermen, nor with those who bring raw materials from across the seas in ships. Man is a land animal, and the landlord, by exacting higher terms for the sale and lease of land, takes toll, and absorbs gradually any advantage, whether derived from greater intensive effort on the part of industry to meet increased taxation or resulting from lessened taxation by Government.

All Taxation is paid by Industry.

Whilst all individuals are consumers, not all are producers of goods and services. There are legitimate non-producers, as, for example, children, the sick and the aged. There are also parasitic non-producers created by social maladjustment, as, for example, the bureaucrats, the armies of "no occupation," the broken loafers, the "idle-rich" hangers-on, the tithe devourers, the much-consuming landlords, and the bondlords into whose hands purchasing power is concentrated owing to the wage slavery caused by the superstition which permits men to "own" the earth.

In so far as these latter partake of such attributes, living upon the labour of others without giving fair exchange for services rendered, they are parasites, that is, consumers only, and cannot be said to pay taxes. They merely pass on a portion of the rents, private taxation or usury they extort from their fellows, to be expended ostensibly for the benefit of the community. All taxation must be, and is, a burden upon those consumers who are wealth producers.

As taxes are increased, therefore, upon the fallacious basis of ability to pay, to sustain the man-eating Thing,

"the invisible government of graft and greed," the total of wealth producers becomes less in number because more parasites are created, and because landlords, who sleep but thrive, exercise their power of monopoly to restrict access to the source of all wealth.

Industry pays all taxation, and it is for this reason that Mr. Austen Chamberlain, holding the unenviable position of Chancellor of the Exchequer in 1919, besought the workers of hand and brain to redouble their efforts, or national bankruptcy could not be avoided. It was also for this reason that the workers, seeing idle hands everywhere, oppressed with the rising cost of living,¹ struck and rioted in blind rage. It was not trivialities which brought these men and women to desperation. They were fighting for freedom.

The Way to Real Prosperity and Happiness.

Prosperity and happiness are not attained by anarchy or "Bolshevism." The perpetual motion machine, however, is not less possible than that prosperity can be perpetuated under an increasing load of debt to national and international moneylenders, all supported upon a narrowing base of useful industry. Real prosperity is possible only when there is free and active demand for goods and services intended for the commonweal and advancement of mankind, and that condition is only attained when the distribution of purchasing power is based upon the Natural Law of Equity.

Disaster cannot be avoided eventually by depreciation of the currency, nor by means of a levy upon "capital," nor even the cancellation of all debts. The shell of modern civilisation may not be threatened by the attacks of outer barbarians, but it contains within itself the landless barbarians of the slums, who know not Justice because it has been denied them so long, and who in their ignorant desire to possess the Clay Image of Property will not consider the dictates of Humanity.

Unless the base of industry is widened and the bubble of usury deflated by the uprooting of that superstition which produces wage slavery, disaster is inevitable.

¹ Due to higher prices and/or lower wages.