

EZRA POUND



A B C OF ECONOMICS

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A B C of Economics

by

EZRA POUND

Mr. Ezra Pound was asked to deliver ten lectures in an Italian University—on economics, not on the mummified muses. This is his necessary evisceration and clarification of the subject; a concise introduction to 'volitionist economics'.

RARY

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The aim of this brochure is to express the fundamentals of economics so simply and clearly that even people of different economic schools and factions will be able to understand each other when they discuss them.

After about forty pages I shall not 'descend', but I shall certainly go into, 'go down into' repetitions and restatements in the hope of reaching this clarity and simplicity.

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PART ONE

Chapter I

I shall have no peace until I get the subject off my chest, and there is no other way of protecting myself against charges of unsystematized, uncorrelated thought, dilettantism, idle eclecticism, etc., than to write a brief formal treatise.

1. *Dissociations: Or preliminary clearance of the ground.*

I beg the reader not to seek implications. When I express a belief I will say so. When I am trying to prove something, I will say so. At the start I am attempting merely to get the reader to distinguish between certain things, for the sake of his own mental clarity, before he attempts to solve anything.

I shall use the term *property* as distinct from the term *capital*.

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'Capital' for the duration of this treatise implies a sort of claim on others, a sort of right to make others work. Property does not.

For example. My bust by Gaudier is my property. Nobody is expected to do anything about it.

My bond of the X and Y railroad is capital. Somebody is supposed to earn at least 60 dollars a year and pay it to me because I own such a bond.

Therefore : it would be possible to attack the 'rights' or 'privileges' of capital without attacking the rights or privileges of property.

Once again, please do not imply. Please do not think I mean one whit more than what I have written. When I want to mean something further I will say it.

Dissociation 2. Overproduction did not begin with the industrial system. Nature habitually overproduces. Chestnuts go to waste on the mountain side, and it has never yet caused a world crisis.

Chapter II

Sane engineers and wise men tell us that the question of production is solved. The world's producing plant can produce everything the world needs.

There is not the faintest reason to doubt this.

2. As mechanical efficiency increases, the above-mentioned production will require progressively less human time and effort.

3. Sane economy demands that this effort should be, for various reasons, apportioned to a very considerable number of people. This is not absolutely necessary, but it is advisable. It is not necessary, since a few million slaves or temperamentally busy human beings could indubitably do the whole work for the lot of us. They did it for the

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Roman Empire and nobody objected save an occasional slave.

4. Objections to slavery are in part ideal and sentimental. Openly avowed slavery has nevertheless gone out of fashion.

5. It is pure dogma to assert that an adult human being should be ready to do a reasonable amount of work for his keep. It is empiric opinion that a man who is constantly trying to sponge on others and who is unwilling to do anything whatever conducive to the general comfort or to the maintenance of civilization is a mere skunk and that he ultimately becomes a blasted bore not only to others but to his own blasted self.

6. I assert a simple dogma: Man should have some sense of responsibility to the human congeries.

7. As a matter of observation, very few men have any such sense.

8. No social order can exist very long unless a few, at least a few, men have such a sense.

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Democracy implies that the man must take the responsibility for choosing his rulers and representatives, and for the maintenance of his own 'rights' against the possible and probable encroachments of the government which he has sanctioned to act for him in public matters.

9. These encroachments in so far as they were political; in so far as they were special privileges handed down from mediaeval chaos and feudal arrangements have been from time to time more or less put in order. Jefferson and John Adams observed that in their young days very few men had thought about 'government'. There were very few writers on 'government'. The study of economics is a later arrival. An economic library in 1800 could have been packed in a trunk.

10. Some economic problems could perhaps be considered *via* political analogy, but a greater number cannot.

Probably the only economic problem needing emergency solution in our time is the problem of distribution. There are enough

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goods, there is superabundant capacity to produce goods in superabundance. Why should anyone starve?

That is the crude and rhetorical question. It is as much our question as Hamlet's melancholy was the problem of the renaissance dyspeptic.

And the answer is that nobody should. The 'science' or study of economics is intended to make sure no one does.

There is Enough

How are you going to get it from where it is, or can be, to where it is not and is needed?

I spare the reader the old history of barter, etc. Apples for rabbits; slips of paper from the owner ordering his servants to give to the bearer two barrels of beer; generalized tokens of gold, leather; paper inscribed with a 'value' as of 16 ounces of copper; metal by weight; cheques with fantastic figures; all serve or have served to shift wealth, wheat and beef from one place to another or to move wool cloth from Flanders to Italy.

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Who is to have these Tokens?

Obviously certain men deserve well of humanity or of other limited numbers of men.

Those who grow wheat, those who make cloth and harness, those who carry these things from where they are in superfluity to where they are needed, by pushcarts and air-planes, etc.

AND ALSO THOSE who know where things are, or who discover new and easier means of getting them 'out', coal from the earth, energy from an explosion of gasoline.

Makers, transporters, facilitators and those who contribute to their pleasure or comfort or whom it pleases them favour . . . usual sequence of children, if they have or want children, aged parents who have earned their affection.

All of which would seem perfectly simple and idyllic, but then we come to the jam.

Some of these people who work or who could and would work are left without paper tokens.

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Someone else has got all the tokens; or someone else has done all the work 'needed'.

CURIOSLY ENOUGH, despite the long howls of those who used to complain about being oppressed and overworked, the last thing human beings appear to wish to share is **WORK**.

The last thing the exploiters want to let their employees divide is labour.

IT IS NEVERTHELESS UNDENIABLE that if no one were allowed to work (this year 1933) more than five (5) hours a day, there would be hardly anyone out of a job and no family without paper tokens potent enough to permit them to eat.

The objections to this solution are very mysterious. I have never yet seen a valid one, though I have seen some very complicated 'explanations' about increase in costs.

I would be willing to set it out as simple dogma that the shortening of the working day (day of paid labour) is the first clean cut to be made. I admit it is not the whole answer, but it would go a long way to keep

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credit distributed among a great part of the population (of any country whatsoever), and thereby to keep goods, necessities, luxuries, comforts, distributed and in circulation.

It is not the whole answer; not the whole answer to the present emergency nor does it constitute the whole science of economics.

Chapter III

When goods are produced, some recognition of that fact must be made, let us say in the certificates of goods in existence.

Can we say that perfect money consists in true certificates of goods extant?

Or must we limit that statement?

Does perfect money consist in a potent order: Deliver these goods?

Or is it a conditional? A compromise between a certificate of existence and a request or a promise of proportional concession?

Or is it an abracadabra? A fake having no strict correspondence with goods extant?

Excursus

A hard-headed Scotchman has for some years been telling us that money (credit) as

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we actually find it at present is a more or less irrelevant product; that it acts as a very strong imperative: Have thou the weight of wheat at such and such a place and deliver it!

But an increasingly large proportion of goods produced never gets its certificate. Some fool or some skunk plays mean, out of stupidity, out of fear, out of craven and cringing malice.

We artists have known this for a long time, and laughed. We took it as our punishment for being artists, we expected nothing else, but now it occurs to the artisan, and there being a lot of artisans, clerks, etc., this devilment has led the world into misery. There was room for the artist to dodge through the cracks, a few thousand artists could wangle or make a haul now and then, but the cracks won't pass men by the million.

So there has got to be some fairness in the issuing of certificates, or at any rate something has got to be 'done' to keep people from, etc. . . .

Chapter IV

CALL IT A DOLLAR, or a quid or ten shillings or anything else you like. If a quid is a certificate of work done (goods produced) and if you produce twice as much as you did yesterday, you have either got to have more quids **OR** you have got to agree, all of you, that the quid that meant one bushel now means two bushels. That is to say if you, in any sense, mean to play fair.

To put it another way, if money is scarce and an ox sells at four pence you can conceivably have economic justice at four pence per ox. But you can not have social justice at four pence per *ox* and ten shillings per *beefsteak*.

If *ox* is four pence, *beefsteak* must be some small fraction of a farden.

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At some agreed ratio the certificate must function. From 1914 to '24 bar chocolate remained, as nearly as I can remember, stationary in respect to gold. Nations rose and fell, currencies and commodities became dearer or cheaper. We have had fifteen or more prime years for empiric observation. Nobody remembers the 1830's (Eighteenthirties), anything men learned then in America has been long since forgotten. The civil war wiped it out.

Chapter V

Inflation and Deflation

I am all for controlled inflation, if by that you allow me to mean that more certificates must be granted when more goods are produced.

All the inflation wangles and all the official governmental schemes for inflations yet proposed, leave out the question of control. That is to say, the place of control is a dark room back of a bank, hung with deep purple curtains. No one must see what happens. What happened in the Bank of the U.S.A. before Mr Van Buren set up an Independent government treasury? What happened?

Inflation for the benefit of the few.

Chapter VI

Every economist has to start somewhere. I start on the proposition that every man who is decent enough to be willing to work for his keep or that of his helpless dependents (immature or senescent) ought to have the chance of doing a reasonable amount of work. This is highly American and anti-English.

THE FIRST STEP is to keep the working day short enough to prevent any one man doing two or three men's paid work.

THE SECOND STEP is the provision of honest certificates of work done (goods produced, or transported, discoveries, facilitations, etc.).

Nobody can be left free to fill in cheques with large figures regardless of services rendered.

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Yes, yes, I have a cheque book, but if I get fanciful the bank doesn't pay for my cheque.

But there be some, alas my brother there be some who can write cheques for great figures and for mysterious reasons. Who, my brother, controlleth the bank?

In one country the east wind, and in another country the west wind. In England a private firm has for so long done it so quietly that the world has forgotten it. All that our great grandfathers did for the liberation of the American treasury before our fathers were yet in the egg, has been allowed to slip into oblivion, and we are so little taught economics (a dry, dull and damned subject) that there are not ten thousand Americans who are the least aware that a similar movement, a similar step toward liberty or democracy or individual responsibility and state control of the national finances simply never occurred in England. So clever was the British clique, so astute and so prudent that the 'issue has never arisen'. The American in the street knows that England has a 'curious old

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institution called royalty' [funny old thing out of the poker deck], but he supposes that the two nations have the same fiscal system (that is, if he ever stops to consider it).

Chapter VII

It may not be a matter of names. A free private company may administer a nation's credit as justly and with as little graft as a board nominally of government officials, bribed or 'influenced' by cliques of friends and acquaintances.

The economist is the man who knows WHAT the board, official or unofficial SHOULD do for the continued well-being of the nation. In other words, where and how it should allocate its certificates of work done or its orders to do further work and to deliver such and such products.

PART TWO

Chapter I

On Volition

It will be objected that I am trying to base a system on will, not on intellect. And that is one of the main reasons for my writing this treatise.

The criminal classes have no intellectual interests. In proportion as people are without intellectual interests they approach the criminal classes, and approach criminal psychology.

No economic system is worth a hoot without 'good will'. No intellectual system of economics will function unless people are prepared to act on their understanding.

People indifferent to the definition of liberty as '*le droit de faire tout ce qui ne nuit pas aux autres*' will not DO anything about

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their economic knowledge, whatever be the degree of that knowledge.

People with no sense of responsibility fall under despotism, and they deserve all the possible castigations and afflictions that the worst forms of despotism provide.

No economic system can be effective until a reasonable number of people are *interested* in economics; interested, I should say, in economics as part of the problem: what does and what does not injure others. That the answer to this is probably identical with the answer to: what is the most enlightened form of egotism, does not affect the matter.

No egoist has the energy to attain the maximum of egoistic enlightenment.

Chapter II

Marx has aroused interest far less than the importance of his thought might seem to have warranted. He knew, but forgot or at any rate failed to make clear, the limits of his economics. That is to say, Marxian economics deals with goods for sale, goods in the shop. The minute I cook my own dinner or nail four boards together into a chair, I escape from the whole cycle of Marxian economics.

‘Can’t move ’em with a cold thing like economics,’ said Mr Griffiths, the inventor of Sinn Fein.

Not one man in a thousand can be aroused to an interest in economics until he definitely suffers from the effects of an evil system. I know no subject in which it is harder to

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arouse any interest whatsoever. The cost of things which really interest human beings has nothing whatever to do with their quality. A pleasant woman costs no more than an unpleasant one, in fact, she probably costs infinitely less.

It costs no more to cook a dinner well than to cook it badly. You can, I admit, probably pay more for a good dinner than for a bad one, but what you get is due to your knowledge and not to the category of the hotel.

The *arts* of commerce are built on personal application of the laws of value (Marxian metaphysics and the 'psychology' of American business ballyhoo).

You will get no further with economics '*as a science*' until you are ready to mark out the scope of that science, as you do in the study of chemistry, physics, mathematics.

Goods in the window are worth more than the goods in the basement.

The art of commerce whereby the proprietor of one café acquires a clientele and his neighbour does not.

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The luxury of the poor, the luxuriousness of the poor which has for ages sanctioned the small shop and the middleman. The saving of steps, I buy my coffee at my front door, not at the large shop 40 yards off. The same applies to my tailor (?), cobbler and butter merchant.

Over a decade ago, Major Douglas admitted that I had made a contribution to the subject when I pointed out that my grandfather had built a railroad probably less from a desire to make money or an illusion that he could make more that way than some other, than from inherent activity, artist's desire to **MAKE** something, the fun of constructing and the play of outwitting and overcoming obstruction.

Very well, I am not proceeding according to Aristotelian logic but according to the ideogramic method of first heaping together the necessary components of thought.

None of these 'incoherent' or contradictory facts can be omitted. A problem in the resolution of forces can only be solved when all the

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forces are taken count of. If there be any of them whose variants we cannot reduce to an equation, that one must remain at least temporarily outside our 'science'.

If I remember it correctly my 'Part One' was concerned mainly with science.

The science of economics will not get very far until it grants the existence of will as a component ; *i.e.* will toward order, will toward 'justice' or fairness, desire for civilization, amenities included. The intensity of that will is definitely a component in any solution.

Chapter III

Objections

(Cf. Part I, Chapter III)

The certificate of work done must equal
that work

BUT

when it is certified that too much corn has been grown the certificates of its growth, or orders to deliver it, will be less prized. That is to say, the ticket for some particular substance depreciates in relation to the general ticket (money). The finance of financiers is largely the juggling of general tickets against specific tickets. As, per example, decline of price in the wheat pit. All of which would seem to have been worked out and to be fairly familiar.

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When the certificate is not 'money' or *common carrier*, but a particularized certificate, it is 'just' in the sense that the order to deliver so many bushels already 'paid for' implies so many bushels.

A certificate made out in 'common carrier' will not automatically stabilize currency or produce justice, unless some common sense is used in the production of goods (food, etc.). Hence the cries for planning, etc. I mean to say all the objections, etc., to my main thesis lead us back into familiar phenomena.

Either the individual must use his intelligence, or some congeries of individuals (state or whatever) must persuade or foresee or advise or control.

Nature overproduces. Overproduction does no harm until you over-market (dump).

In politics *the* problem of our time is to find the border between public and private affairs.

In economics: to find a means whereby the common-carrier may be in such way kept in circulation that the individual's demand, or

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at any rate his necessary requirement, shall not exceed the amount of common-carrier in his pocket at any moment, or at his proximate disposal.

A new school of economists says it *should be put* into his pocket (every week, every morning, every six months ???).

An old type of mentality asks whether this would maintain the said individual's sense of responsibility, and answers the question very emphatically in the negative.

I fall back on a profession of faith. The simplest *starting-point* appears to me to be the individual's willingness to work four hours a day between the ages of twenty and forty.

There are doubtless, in modern industry, various directive jobs, etc., that need more prolonged attention, but very few in which an equivalent stint would not serve. Ten years at eight hours a day, as proportionate.

Counting money as certificate of work done, the simplest means of keeping money distributed (in legal-tender credit-slips) is to

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keep work distributed. I do not say it is the only conceivable means, but I definitely assert that it is the most available means, the simplest, the one requiring least bureaucracy and supervision and interference.

As for over-time.

Let it mean over-time. Let the man work four hours for pay, and if he still wants to work after that, let him work as any artist or poet works, let him embellish his home or his garden, or stretch his legs in some form of exercise, or crook his back over a pool-table or sit on his rump and smoke. He would get a great deal more out of life, and, supposing him to have any rudiments of intelligence, he would be infinitely more likely to use it and let it grow, and in any case he would 'get a great deal more for his money'.

I know, not from theory but from practice, that you can live infinitely better with a very little money and a lot of spare time, than with more money and less time. Time is not money, but it is almost everything else.

Even suppose that the wage for a four-hour

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day should be 'cut' to half the wage of an eight-hour day (which is for various simple reasons unnecessary—*vide infra*, Chap. IV), but even supposing it were necessary and were done. The man on that wage, once he were assured of its continuance, once he had 'arranged his life' in accordance, and organized his other four hours for private activity, could have a damn sight better life than he now gets.

Chapter IV

I say 'which is for various reasons unnecessary' because the 'wage' is now measured in currency which is merely a convention, and a bit of paper with 10 on it is no more difficult to provide than a bit of paper with 5 or with 20.

There are various credit schemes which could take care of the problem of leaving the figure 10 on the bit of paper, even though the day's work were cut in half.

Douglas would pass out slips to the middleman. I have outlined a scheme for passing them out *via* the factory. Neither scheme is necessary. A few months ago the German government proposed an inflation without, apparently, any control.

The 'need' of such a scheme is possibly due

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more to the strength of habits of mind, to conventionality in the populace's thoughts about money, than to anything else.

Freedom from worry, inherent in the reasonable certainty of keeping one's job, must be worth at least 25% of ANY income.

NOTE that this reasonable certainty can only exist when the necessity of progressively shortening the working day, *pari passu* with mechanical invention, is generally recognized.

No arbitrary number of hours set for 1933 will be valid in 1987, let alone in 2043.

Over and above which we come upon Major Douglas's equations *re*—superstition in costing.

PART THREE

Chapter I

Costing

I don't quite see how anyone is going to dodge (for ever) the Major's equations.

There are various verbal manifestations and various terminologies and various approaches to the problem.

I have begun with distribution of work. A point at which the Douglasites dislike to begin. I have gone on to the demand for justice in the distribution of credit slips, but that does not invalidate the Major's contention that *under the present system* there are never enough credit slips to deal with the product; to distribute the product; to purchase the product; to conjugate ANY of the necessary verbs of sane economics or of a decent and agreeable life.

The Major has pointed out the superstition

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in the computation of costs. The reader can look up the details in a number of contemporary works.

He will not find a simpler statement than Douglas's: You pay for the tree every time you buy a bit of the fruit.

Obviously the tree has to be maintained, some fraction over and above the worth of the fruit must be added, but the computation of that fraction can and should be free from gross error.

Gross error here could undoubtedly undo the good effects of a short working day. As a patient may easily die of one disease after you have cured him of another.

The requirements so far on our list are:

(1) 'Money' as certificate of work done.

(2) 'Work done' to be in a sense 'inside a system', that is to say, it must be 'necessary' or at any rate it must be work that someone WANTS done. The product must be what someone lacks. *Sic*—I lack half a loaf of bread daily or thereabouts. I lack a few suits of clothes per annum, etc.

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(3) There must be some way for everyone to get enough money or common-carrier to satisfy a reasonable number of lacks.

The simplest road is *via* work, and I suspect any other. This is also the first instinctive outcry. It is empirically observable that the first thing men ask for is work; and only after refusal do they cry out for free food. If this statement indicates a great naïve trust in humanity I am willing to stand the charge.

(4) Fairness in the issuance of certificates. (I think the various Douglas plans fall mainly under this heading.)

Chapter II

Time is Not Money

Time is not money, but it is nearly everything else. That is to say. . . . It is not money, food, raw materials, women or various fundamental necessities which I cannot at the moment remember, including possibly health, but it is a very important lever to most of them.

‘Nobody, but socialists’, reads Marx, and there is consequently little enlightened discussion of either his history or his ‘errors’.

I have never, so far as I can recall, seen a contemporary recognition of the plain fact that a man with a lot of spare time can get a great deal more out of life with a very little money, than an overworked man with a great deal. I mean apart from polyana.

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Leisure is not gained by simply being out of work. Leisure is spare time *free from anxiety*.

Any spare time not absolutely obsessed by worry can be made the means to a 'better life'.

Marx deals with goods in the shop window or the shop basement. The minute I cook my own dinner or make the chair that I sit on I escape from the whole cycle of Marxian economics. In consideration of which fact I remain a Jeffersonian republican, and I believe the present troubles, or at any rate the present U.S. American or English troubles, can be treated from a Jeffersonian angle.

You can throw in Confucius and Van Buren, but you must distinguish between 1820 and 1930, you must bring your Jefferson up to date. T. J. had already seen that agriculture would in great measure give way to manufacturing, etc.

All American and republican principles were lost during the damnable reign of the infamous Woodrow, but even Woodrow did not favour the XVIII amendment. Despite

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'liberty unions', etc., it is almost impossible to discover any sense of American principles in contemporary American writing, apart from editorials in one or two newspapers which naturally are not read by highbrows.

One commissioner of labour whose name I have forgotten, did definitely advocate a shorter working day. No one has raised any coherent or even publicly avowable objection.

No one has ventured to say that a shorter day would not decrease the number of totally unemployed.

No one has claimed that it would lead to the creation of more 'bureaus' and more bureaucrats, and more sassy typists to take notes of vacuous commissioners and sit on their obese laps in government offices.

Naturally there is no very clear outcry for shorter hours from the workmen themselves. The labour party in America is not rich in economists. You can't arouse any very fiery passion on the bare plea of less work. It spells less pay to most hearers.

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By simple extensions of credit (paper credit) it would probably be possible to leave the nominal pay exactly where it is, but it requires an almost transcendent comprehension of credit to understand this.

The plain man cannot in any way comprehend that the accelerated movement of money when everybody has a little means greater comfort than the constipated state of things when a lot of people have none.

The fiery labourite wants the unemployed paid out of the rich man's pocket. The rich man's pocket happens to be a mere pipe and not an inexhaustible upspringing fountain.

Naturally all men desire to pass the buck. The immediate effect of distributing work, under the present system, means that working men would have to divide with working men. It cannot, therefore, be a very popular cause.

The benefits of a shorter day would be diffused, everyone would in a few months REceive them, but it would take probably

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longer to PERceive them. Annoyances strike more quickly than comforts.

Tell any man that he can live better on 40 shillings a week and an extra two hours per day to himself, than he can on 50 shillings without the two hours and see how little he believes you.

The idea that prices would come down sounds like a pipe dream. Prices have always adjusted themselves to the current spending powers of the general public, but that again is a general idea.

Two hours more per day to loaf, to think, to keep fit by exercise of a different set of muscles, as distinct from overwork and the spectacle of several millions in idleness. . . . !

I am an expert. I have lived nearly all my life, at any rate all my adult life, among the unemployed. All the arts have been unemployed in my time.

Chapter III

Free Trade

Free Trade might be possible between two countries if they had for each other a full and wholly enlightened good will,

provided they had first attained an almost perfect adjustment of their own internal affairs.

It need hardly be said that for the last century or more, the practice of governments has been to neglect internal economy; to commit every conceivable villainy, deviltry and idiocy and to employ foreign affairs, conquests, dumpings, exploitations as a means of distracting attention from conditions at home, or to use the spoils of savages as palliatives to domestic sores or in producing an eyewash of 'prosperity'. In the sense

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that such prosperity is useful as 'bait'; as spectacular fortunes; as 'the chance' of getting rich.

Chapter IV

Malthus

In practice it has been shown that families who do not overproduce, that is, who beget no more children than they can support, have been able to maintain decent standards of living, and that other families do not.

It is probably useless to propound theories of perfect government or of perfect economics for human beings who are too demnition stupid and too ignorant to acquire so rudimentary a perception of cause and effect.

Objections to this system are raised and are conceivably raisable on the score of national greatness, etc. . . . Nevertheless we are told that Holland has maintained decent standards of living, etc., by not over populating herself. The system is supposed (for

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wholly arcane reasons) to work for a small nation and not for a large.

It would work. The only objection to it is that curtailment of the philoprogenitive instinct may not be necessary. Or possibly on practical grounds, that the present state of bigotry and idiocy prevent the curtailment, and that the inadequate progress of education is not able to achieve it. Yet sparsely populated districts are not necessarily the most prosperous. The remedy is to be recommended only at close range for the individual family living in a bad economic system. It cannot be made the backbone of enlightened economics on the grand scale. Such economics, now, being little more than a study of how we can USE our resources, not how we can refrain from employing them.

Until we have decent economics the sane man will refuse to overbreed. And pity for the large poor family will continue to be pity for idiotic lack of prevision.

It may be that all, or most, sciences start from suffering or from pity; but once a

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science is started these emotions have no place in that science.

Give a people an almost perfect government, and in two generations they will let it run to rot from sheer laziness (*vide* the U.S.A. where not one person in ten exercises his rights and not one person in ten thousand has the faintest idea of the aims and ambitions of the country's great founders and law-makers. Their dung has covered their heads.).

It is nevertheless one's duty to try to think out a sane economics, and to try to enforce it by that most violent of all means, the attempting to make people think.

Proof of this last statement is very obscure. I suppose the only warrant for it is the capacity to think and the sense of obligation thereby conferred.

Chapter V

Self-Help

The foregoing is not mere nihilism, or mere in-vain-ism or mere quietism, nor is it so far off the subject as it might seem; the point is that NO ONE in any society has the right to blame his troubles on any one else. Liberals and liberal thought so-called have been a mess of mush because of this unacknowledged assumption, and a tendency to breed this state of mind.

The law of nature is that the animal must either adapt itself to environment or overcome that environment—soft life and decadence.

Decline of the American type, often bewailed! First the pioneer, then the boob and the soft-head! Flooding of peasant type,

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without peasant perseverance and peasant patience in face of low return!

Ability to think, part of the adaptation to environment!

Laziness of whole generations! All the back-bone of Jefferson's thought and of Van Buren's forgotten! Benefits of the latter, lost in civil war and post civil war finance!

All of which is not wholly alien to my subject.

All questions of *how* measures can be taken, how enforced, are questions of politics.

ECONOMICS is concerned with determining WHAT financial measures, what methods or regulations of trade, etc., must be taken, or can most advantageously be taken or decreed by government whatever its nature, or by whatever elected or haphazard or private or dictatorial bodies or individuals control trade, credit, money, etc.

Certain things are wise, let us say, for the governors of the Bank of England (a private corporation) and wise for the U.S. Federal Board, appointed by an elected president,

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and would be equally wise or equally foolish for a body directly elected by the people.

England, as we have remarked, gave herself to a gang of bankers ages ago. No one remembers why. It is no concern of a foreigner. The British wished it or at least some British wished it, and now the rest don't, apparently, mind.

All these things are part of politics. Economics is concerned with what should be done, not with how you are going to get a controlling group of men to carry out an idea; but with the idea, with the proper equations. As you might say the Baldwin Locomotive Works are concerned with making engines that will pull trains, not with which direction they are to run.

Good economics are as sound for Russia as for the U.S.A.

There may even be several economic solutions to any problem. Gasoline and coal both serve as fuel.

PART FOUR

Chapter I

Politics, A Necessary Digression

Science or no science an economic system or lack-of-system is bound to be affected by the political system in which or beside which it exists, and more especially by the preconceptions or prejudices or predispositions and attitudes implied in the political system.

The preconception of democracy, let us say at its best, democracy as it existed in the minds of Jefferson and Van Buren, is that the best men, kaloikagathoi, etc., **WILL TAKE THE TROUBLE** to place their ideas and policies before the majority with such clarity and persuasiveness that the majority will accept their guidance, *i.e.* 'be right'.

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The preconception of let us say the Adamsses, or aristodemocratic parties is that privilege, a little of it, will breed a sense of responsibility.

The further Toryism is that the best should be served.

In practice it is claimed that the best get tired or fail to exert themselves to the necessary degree.

It seems fairly proved that privilege does NOT breed a sense of responsibility. Individuals, let us say exceptional individuals in privileged classes, maintain the sense of responsibility, but the general ruck, namely 95% of all privileged classes, seem to believe that the main use of privileges is to be exempt from responsibility, from responsibilities of every possible kind.

This is as true of financial privilege as of political privilege.

The apparent exception seems to occur at the birth of any new privileged class, which amounts to saying that any new governing class is bound to be composed of exceptional

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men, or at any rate of men having more energy and being therefore more fit (apt) to govern than their fellows.

The dross of the intelligentzia, lacking the force to govern, constantly try to spread the belief that THEY are the 'best', the agathoi, etc.

Obviously no best, no even good, governing class can be spineless; this applies even to an administrative class, or people administering economics. The term 'good' in either case must include a capacity for action; some sense of relation between action and mere thought or talk.

A lot of rot is talked and written on the assumption of political and economic laws existing *in vacuo*.

I go on writing because it appears to me that no thoughtful man can in our time avoid trying to arrange those things in his own mind in an orderly fashion, or shirk coming to conclusions about them, *i.e.* as man living perforce among other men, affected by their actions, and by his affecting them.

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To separate ideas that are not identical and to determine their relations.

As to the history of the subject, a fig for that history save in so far as it applies to the present and to the day after to-morrow.

A democracy, the majority which 'decides' in a democracy functioning as such, would presumably choose sound economics shortly after it had learned to distinguish the sound from the unsound. Subjects of an autocrat would obey, and continue obeying the economic decisions of their ruler or rulers as long as the orders were economically sound, and for a considerable period after those orders were unsound. Various durations of patience in intermediate forms of government.

A break, revolution, chaos, need not imply any new discovery or ambition or new form of soundness ; it is, nevertheless, usually engineered in the name of some form of justice, or some social belief with economic implications.

The point is that the orders of an omniscient despot and of an intelligent democracy would

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be very much alike in so far as they affected the main body of the country's economics. Whether as independent citizens, individuals, etc., or as pack animals, the nutrition of the population would have its importance.

For any particular country, the most immediate road thereto has a good deal to be said in its favour, and that road would start FROM the conditions in which the said country finds itself at the moment.

The present moment, the moment under consideration.

Chapter II

Capital is generally considered as perdurable, eternal and indestructible. This is probably an error. Gold coin in circulation wears down, whence paper currency, to save attrition. Paper has to be renewed. The expense is trifling but mathematically extant.

Jewels might seem to be property and not capital. They or precious metal can be buried in cellars. Whence they work as a magnet.

Observe the magnetism of a man reputed to be wealthy. The force of this rumour on those about him.

Observe the force of the wildest and mildest hopes of profit, and consider the imponderabilia that enter into any consideration of credit ('the expectation that the other man will pay').

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A further point is that not only particular masses of credit may rot, but that the credit of ANY economic system, qua system, may rot.

Not only may a year's crop fail, but the tree itself may.

There have been so-called systems based not on any sound thought or equation but on nothing more than a temporary accident; as say the chance of swapping glass beads to the heathen, or the monopoly of a trade route, or the willingness of Indians to swap forty square miles of land for a rifle.

Some of these systems have lasted for at least three hundred years. Nile tolls are at the beginning of history. Kublai understood paper currency. The Mantuans in the quattrocento considered a cloth pool on the lines of the Hoover government's buying of wheat. There is probably no inventable scheme or measure that can't be upholstered with historic background.

Chapter III

In 1933 Where are We?

For civilized countries the problem of production is solved. There are doubtless particular products not producible in particular geographic areas, and particular uncivilized areas where industrialization, improved methods of production would solve the local troubles, but for the 'great powers' etc., the problem is not production.

2. The shortening of the working day (say to five or four hours) would so aid the general distribution in all civilized countries that they could carry on without other change for a considerable period.

3. But this would not in the long run permit them perpetually to dodge the problem

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of a fair and/or adequate distribution of credit slips. Called the problem of money or of the fiduciary system.

That is the main question and the overwhelming question of economic science. It is, I should assert, open to permanent solution. Scientific solution.

4. But a permanent and scientific solution of it would still leave us with the necessity of practising the ART of economics; that is to say, we should still have to exercise constant vigilance with the same caginess that the peasant shows in selecting his next crop. There is no way of dispensing with the perceptive faculties. Five year planners, ten year planners, clever men, etc., will for ever have to guess and to try to guess right *re*—what is to be produced and how much and when.

Make fair the distribution of paper slips certifying work done, keep the work distributed among a sufficient proportion of the people, and you still must have constant

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caginess not to find yourself in October with nothing but wheat, or nothing but aluminium frying pans.

And toward this end, there is probably no equation other than the greatest watchfulness of the greatest number of the most competent.

One man asleep at a switch can very greatly discommode quite a good railway.

In a world of Kreugers and Mellons you might say the switch-boards are enveloped (on purpose) in darkness. What I am getting at is, that with all the solvable problems solved, clear and in the open, there will still be 'opportunity', there will still be need to use wits.

Chapter IV

Inflation

(Science as possibly distinct from art in economics)

Inflation was said to be 'understood' in Germany after the war. There are now almost universal cries for inflation (Germany, U.S.A., and elsewhere).

There are very few demands for *control* of inflation.

Inflation is perhaps the ambiguous or camouflaging homonym for a dozen or more manœuvres.

Dissociate what we can. For many people it means merely abandoning the gold standard. Merely having certificates for something other than precious metal.

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The banks (the boggy men) inflate and deflate at will, or appear to.

We are told that the tariffs on money are too high, and the tellers are answered that the bank rates on overnight money are almost *nil*. So that is not the real crux. The banks possibly use their freedom to inflate and deflate to their own disproportionate advantage.

TWO sorts of nations exist: those which control their finances and those which 'are financed'.

There are, I take it, intermediate degrees, nations that try more or less to control part of their finances, or that exercise a semi-conscious control over their finances, or have an unconscious influence on them.

The American (U.S.) treasury was 'freed' about a century ago. It was somewhat confused by the civil war, etc.

Once again we are not even concerned with HOW a people or nation is to get control of its economics but with WHAT it ought to do with them if it did get control.

Another form of the question is: what

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price should it insist on getting from the present controllers if it continues to tolerate their control, *i.e.* what is the minimum (or maximum) of intelligence and of intelligent measures it should demand of its 'owners' or financiers.

We have stated at least part of this in the formula.

ADEQUATE (and more or less just) distribution of credit slips (certificates of work done, etc.).

I have put 'ADEQUATE' in capitals and 'just' in lower case because that is the order of their importance.

There is a very great margin of error, a very great coefficient of injustice possible in a quite workable and quite comfortable economic system. The Miller of Dee and the rest of it. Once a human being is comfortable, even tolerably comfortable, without actual suffering and free, more or less, from IMMEDIATE worry, he will not bother (to an almost incredible degree he will refuse to bother) about economics.

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But an *inadequate* distribution of credits will upset the whole system, any system; it will heap up obstacles before anyone is aware, it will heap them up all over the place and without ascribing responsibility to anyone in particular, and without offering handy solutions.

Chapter V

'Adequate' with Queries about Solutions

The Mahometans ran on a share-out system.

I forget whether every fanatic got an equal share. It don't much matter, it was so long ago, but at any rate they had national dividends, at least as long as they continued to conquest.

It is difficult to conceive national dividends in our day and in our countries without a noisome increase in bureaucracy.

National dividends have worked in the past. Undoubtedly most people would like to receive ten guineas a month in crisp bills from the postman or other trusted minion of officialdom.

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It sounds so easy, so easy that hardly anyone (including the author) can believe it.

It seems as if the recipients ought at least to go through the motions, or to hold themselves ready to do something useful in return for the bonanza, or at least to keep awake and make sure that something was being done, that the greenbacks or Bradbury's or whatever, meant and continued to mean something other than greenbacks.

I seem to remember a time when Major Douglas wrote books without mention of national dividends.

I am now making simply a catalogue or list of offered 'solutions'. I am inclined to leave the national dividendists to show HOW they will insure the perennial delivery of needed goods against distributed greenbacks. I am not denying the possibility. I merely await fuller enlightenment.

As nearly as I can recall Douglas's early expositions, he claimed that in the present system a certain proportion of the credit-slips, or what should be the quantity of

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same, were sucked up or absorbed or caused to disappear.

I am purposely putting this the 'other way on' to see whether the idea is sufficiently well constructed to stand being joggled about.

In the 'present industrial system', work is done, goods produced, and the manufacturers, owners, traders, etc., demand from the public more credit-slips than the work is worth, or at any rate more credit-slips than the governments and banks will permit to be available against that work.

And the effect is cumulative. There are constantly more goods and constantly fewer and fewer valid certificates, which same leads to constipation.

And again, if I remember rightly, Major Douglas explained how the wangle was wangled. According to him, if I translate correctly, a certain part of the credit-slips received by the *entrepreneurs* was wormed down a sort of tube, *i.e.* instead of equalling the cost of the thing made and given for it, it equalled that cost plus part of the

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machinery used in producing the article (part of the plant).

And nothing was done against this amount of credit taken in from the public and hidden. It flowed continually down into the ground, down into somebody's pocket.

Result—constantly more and more goods for sale—constantly fewer certificates of work done.

So that to keep things even, one would have either to print more slips, or to compute the cost in some other way, *i.e.* to distinguish between real costs and costs according to the traditional book-keeping.

According to traditional book-keeping the Major's requirements would have meant that impossible thing: sales under cost. But he figured that they would not be less than the real cost, and that the paradox was all on paper.

All of which requires a bit of thinking.

Manifestly we have seen companies building new plants out of 'profits'. Manifestly we have seen crises.

Chapter VI

The foregoing is perhaps very confusing. I state in one place the maker ought to get a certificate of work done, a fair certificate equivalent **TO** the work done.

Then I appear (to some readers) to say that he gets too much. When I ought apparently to say that he gets too little.

There is no contradiction. He gets too much, or asks too much for some of his product, and is unable to get anything for the rest.

Let us say he makes one million brooms that really cost him 3d. each.

He asserts (in accordance to inherited beliefs of his accountants) that they cost him 5d. and must be sold for 6d.

He sells 400,000 for 6d., has 600,000 left

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on his hands, and ultimately goes bust. Despite the fact that five hundred or seven hundred thousand people could use the brooms.

That is an 'impossible case'. Or rather it is a crude statement, and there are various intermediate conditions.

Say he drops his price to 1d. and sells his six hundred thousand spare brooms, and thereby ruins some other manufacturer, etc., etc.

My imaginary example is merely to show that high price needn't ensure perpetual success, and needn't be the best possible commerce.

The issue of credit (or money) must be just, *i.e.* neither too much nor too little.

Against every hour's work (human or kilowatt hour), an hour's certificate. That can be the first step. That can be scientific. Ultimately it must be scientific.

But it will not get you out of the necessity of using intelligence *re*—what and how much you produce.

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What? can be answered by 'Everything useful or desirable'.

And the how much can be answered by 'all that is wanted' with allowance over for accidents.

That may sound very vague, but it is nevertheless reducible to mathematical equations and can be scientifically treated.

The equations (algebraic equations) *will not mean* merely any old quantity turned out haphazard.

Their answer will govern the length of the working day. By which I still mean the number of hours' work per day for which a man is *paid*. Over and above which, he can paint pictures on his wall, stuff his arm-chairs, breed fighting cocks, buy lottery tickets, or indulge in any form of frugality or wastefulness that suits his temperament (so long as he confines his action to his own *property* (*vide* definition in Part I, Chapter I).

So long as his action is confined to his own home and front yard.

Chapter VII

Digression perhaps Unnecessary

Personally I favour a home for each individual, in the sense that I think each individual should have a certain amount of cubic space into which he or she can retire and be exempt from any outside interference what so damn ever.

From that I should build individual rights, and as they move out from that cubicle or inverted trapezoid they should be modified by balancing and counterpoise of the same-sprung rights of others, up to the rights of the state or the congeries.

Parallels political and economic.

Chapter VIII

Economics

There would seem to be the following kinds of error or crime in the issuance of credit-slips against work.

1. The issuers may refuse to issue any slips, or adequate slips against the work.

2. They may issue too many.

3. They may issue them in such a way that for products produced and distributed in a complicated manner too much of the credit goes to some, or some kind of the labour, and not enough to some other.

The terms 'labour', 'work', throughout this discussion apply to the man with a shovel, the clerk, the transporter, the *entrepreneur*, etc. Everyone who acts in the transposition of the article from mother earth to the eater (eye of beholder, hand of user).

Chapter IX

I know of no alphabetic or primer simplification of the questions of *de-* and *in-*flation. I mean nothing easier to comprehend than the history of some particular instance, say the story of Van Buren *versus* Biddle in the 1830's.

At the other end of the scale, Doughty's *Arabia Deserta* or Leo's history of the eighth and ninth centuries can illumine the reader *re*—what occurs when there is NO production.

The point is that in any system, in any conceivable system, there arise similar problems, whether under Soviet or Florentine Banker.

The goods needed,

The transport,

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The use or consumption. The necessity of motion, which means both of goods and of the 'carrier',

Monetary carrier.

The clarity of mind that understands that one hundred gallons a minute through an inch pipe at one speed can equal one hundred gallons through a different pipe at another speed—the bigger the slower, the faster the smaller, etc.

A small amount of 'money' changing hands rapidly will do the work of a lot moving slowly, etc., etc.

As in mechanics some sizes of machine are found fit for some work, etc., detailed applications without change of principle. Fruits of experience *as to detail*: ideas as to main causes.

This looks like a mare's nest or like wilful confusion! What the Major said fifteen years ago matters less than getting a valid and clear statement.

The manufacturer is 'paid' in two ways under the present system. He gets 'money' or

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'is owed' money for what he sells, and he gets ability to borrow from banks, *i.e.* his action and potentiality to produce enable him to get credit as well as payments (cash and deferred) and the banks get more credit than they give HIM, *i.e.* he has to hand part of it back to them, and for the part he hands back he gets no direct credit, though he may get the ability to have more (on similar terms).

Perhaps the only value of these statements is a test value. I mean that I am merely saying 5 and 2 make 7 in place of the other economists' statements that 2 and 5 make 7, to see whether either they or their readers understand their previous statements.

After all, this is a very rudimentary treatise.

By the time the banks have got more credit than they gave the manufacturer, the potential consumer hasn't enough credit to purchase the needed goods. Where would he get it? The banks will always give him less than he has to give them. They are not there for their health.

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The book-keeping cost of the goods is the cost (real) of the goods plus the cost of the money, or the rent of the money.

I take it that in the perfect economic state the cost of the money is reduced almost to nothing, to something like the mere cost of postage, and that this cost is borne by the state, *i.e.* distributed so as to be a burden on no one in particular.

Once that end is attained, the general intelligence can apply itself to the problem of what and how much to produce.

The state conceived as the public convenience. Money conceived as a public convenience. Neither as private bonanza.

Chapter X

Novelties

The possibility of novelties in economics is probably somewhat exaggerated. Hume by 1750 is already talking of paper credit and cites someone or other to the effect that the great amount of gold coin in Athens seemed to be no use to the Athenians save in facilitating arithmetic.

Twenty years ago we were asked to think that someone was being a 'modern' with a large 'M' economist because he 'left out money'.

Some know and many fail to state or keep clearly in mind the need of money, which is the need of a common denominator **FOR THE SAKE OF ACCOUNTING**, so as not to send book-keepers crazy with columns of

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ten horses, twelve cows, nine locomotives. Consider the chips in a poker game, more convenient than to have each man betting his shirt, watch and cuff-links.

A GRAVER FAILURE to dissociate: is in the nature of wealth. Crises in the sheik and sheep trade seldom occur. I mean that the primitive grazer counts his property in sheep and is not continually worried if he cannot sell out his whole herd.

Half the modern trouble is the mania or hallucination or *idée fixe* of MARKET and market value. The fundamental difference in wealth is that of animal, vegetable and mineral kingdoms.

All manufactured articles partake of the main property of the latter, namely, they do not increase and multiply.

The shepherd's sheep multiply, the crops that are sown multiply, and neither requires much work. I mean the shepherd sits around, with a boy and a dog. The dangers from bears and wolves and other incidents of primitive shepherd's life have been diminished.

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In legendary countries he may still do odd jobs of knitting.

The sheep supply clothing (Jefferson's calculation was that one sheep per person gave sufficient wool). The meat is disagreeable but nutritive. There is no question of keeping the shepherd FULLY employed.

Crops demand work (too much) at special seasons.

But with a minimum of care crops and sheep multiply.

Your possessions and mine do not multiply. Your tables, pianos, etc., remain set as a mineral, but you can't get more by digging up the floor of your cellar.

Hume already saw that 'the increase and *consumption* (italics mine) of all the commodities, which serve to the ornament and pleasure of life, are advantages to society; because, at the same time they multiply those innocent gratifications to individuals, they are a kind of *storehouse* (italics his) of labour . . . which in the exigencies of the state, may be turned to the public service'.

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Hume might have served as a warning; for his 'exigencies of state' are mainly war, which fact ought to have made people think a bit more deeply. I suggest that it didn't, for the simple reason that they didn't in the least understand his first proposition.

No book can do ALL a man's thinking for him. The utility of any statement is limited by the willingness of the receiver to think.

The practices of rent and interest arise out of the natural disposition of grain and animals to multiply. The sense of right and justice which has sustained the main practice of rent and interest through the ages, *despite* countless instances of particular injustice in the application, is inherent in the nature of animal and vegetable.

There is no need to postulate any greater perversion than natural indolence, and that in itself is insufficient as postulate. There has always been a supply of lackers, members of less civilized tribes, or non-possidentes ready and glad to watch sheep for part of the wool. The impulse of the French in our day to get

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work out of the Congo is wholly traditional and 'normal'.

As for selling children into servitude, etc., the whole problem is no longer—but at many periods of history has been hardly more than—the duration of mortmain. How long shall the dead hand rule, and to what extent?

The two extremes: superstitious sacrosanctity of 'property' *versus* Jefferson's 'The earth belongs to the living', which was part dogma, and part observation of a fact so obvious that it took a man of genius to perceive it.

It led Jefferson to the belief that no nation has the right to contract debts not payable within the lifetime of the contractors, which he interpreted to mean the lifetime of the majority of the contractors who were of age at the date of contract. So that from a first estimate of thirty-five years, he finally fixed on nineteen years as the limit of validity of such debts.

By the light of his intelligence American

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economics improved from the time of the revolution till the confusion of the U.S. civil war.

No system of economics can be valid unless it take count of this inherence in vegetable and animal nature (which inherence includes or extends to overproduction).

The term 'over-production' usually means 'more of a thing than will sell'.¹

¹ After the last war Henry Ford as an experiment broke up a number of armoured vessels. He made no money profit, he got back what it cost him, and he was left with a great number of engines, which, for all I know, he still has. There is no reason to suppose that these engines do any harm, any more than the ruins of Aigues Mortes or Carcassonne.

Yes, they occupy space. You don't want 'em in Piccadilly Circus. I have also seen a sign translatable as: 'Mountain to let, capable of enalping 30,000 mut-tons.' There is still room to breathe and walk about the face of the planet.

Chapter XI

Dissociate Permanence from Permanence

Dissociate the perdurability of granite from the perdurability of grain or of a species of animals. Some people seem to demand the same kind of durability from a germinating organism as they do from the lump of rock.

At the other end of the scale they say: A bank manager need know nothing save the difference between a bill and a mortgage. Several 'great financiers' and prize-receiving 'economists' in our time fail to make this distinction.

Economic habits arise from the nature of things (animal, mineral, vegetable). Economic mess, evil theories are due to failure to keep the different nature of different things clearly distinct in the mind.

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The economic 'revolution' or an economic revolution occurred when raw supply ceased to be limited to *static* mineral matter (plus animal and vegetable increases).

The minute work began to be in great measure 'raw supply' the need for a change in economic concepts arose.

The minute you have practically unlimited stores of work at your disposal, by the simple device of letting water run down hill through a pipe onto a turbine, or any other device), you have got to begin to readjust your mental derivatives.

Not only will sheep go on begetting each other, without much attention from the shepherd, but lights will shine, stoves give heat, trains move, etc., while a couple of men watch a dynamo.

The cattle drover fed his family. The turbine can work for the group. Even the idea of national dividends (which I dislike) seems less goofy from this angle.

It is as idiotic to expect members of a civilized twentieth-century community to go

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on working eight hours a day as it would be to expect the shepherd to try to grow wool on his sheep by hand; the farmer to blow with his own breath on each buried seed to warm it; the poulterer to sit on his hens' eggs.

Chapter XII

People are so little used, or shall we say the readers of books and papers are so little used to using their eyes, or so little travelled as never to have seen simple phenomena.

Has the reader ever seen women at a well curb, or at a public spigot or pump?

Kitchen plumbing, the spigot in the home, means half an hour's idleness (or leisure) per day to every female member of the community. (Civilized community as compared with the savage and with many very far from savage communities.)

This is not a theory of the leisure class. It is a fact of leisure humanity (*i.e.* civilized human life).

PART FIVE

Chapter I

Minor Addenda and Varia

I have never met a gambler with an ounce of intelligence, but the prejudice against lotteries is in the category of superstitions, totemism and taboo. Lotteries can harm only the imbeciles who buy tickets, but these imbeciles appear to be wholly in their own right. As a means of collecting money for state purposes no sound reason has ever been adduced against this sane safety valve.

The instinct has been romanticized, doubtless in special cases it is the only danger some men can incur and the only chance of adventure they get. I doubt if it would greatly survive in a sane commonwealth, but the world has not yet seen such a commonwealth. The prejudice is part of the puritan

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imbecility, which is at root a disease, begotten of the worst in nature.

There is, however, every reason why the imbecile pastime should be isolated, *i.e.* confined in its effects to those who voluntarily gamble, and that it should not be allowed to affect the price of foodstuffs and necessities.

The whinings of a Whitney and the yowls of stock jobbers are no better than any other form of gangster's sobstuff.

The purpose of an act is one of its dimensions; is a component of its specific gravity, and no one ever yet claimed to have sold short, or rigged the stock market, save in the hope of picking other men's pockets.

There is nothing to be said against any gang of thieves playing poker except that they are playing with other men's money. When members of a stock exchange play against each other without affecting the food and welfare of members of the community who have no chance of profiting by the play and in any case no voice in the laying of the

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bets, the said brokers, etc., cannot make much showing as sportsmen.

They have had a fair amount of time to show what they have done for their countries and so far haven't been able to dig up even a journalist liar to write them a tombstone. As a public utility they are not a success.

It is perfectly easy to dissociate investment from speculation; it is fairly easy to spin cobwebs over the borders of the dissociation. A stock exchange confined to the buying and selling for real investors would doubtless be very very dull, and many of the present practitioners and scoundrels would take to golf and chicken-farming in preference to such ovine tranquillity, but we are not out to guarantee the private amusements of a few hundred or a few thousand barons.

It would be much better from the *bono publico* standpoint if they were to kill themselves racing motor-boats, get their kicks playing the races, and leave the small fry to roulette and the lotteries. Economics, as a

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science, has no messianic call to alter the instincts.

Short of an absolute state ownership of all property there will always be plenty of chance for men to 'make fortunes' with serious construction in industry. The fewer fake diamond mines, the more likely new inventions and amplifications will be to find support.

NOTE. The printing of fine books improved greatly after the late war. Because a great number of people had no confidence in the value of money.

I am aware that I am here in a risky position, and that an attempt to dogmatize might jeopard my credit, nevertheless I should hazard a guess that a definite good or gain occurred because of a definite state of intelligence. The good occurred not because money was unstable, which I don't think anyone can regard as a desirable state of things, but because these people were freed from the *idée fixe* of money as the one and only fixed value.

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I admit they were only half free and mostly bought *de luxe* editions because they hoped to be able to sell them later at a profit, but at any rate it was the 'thin end of the wedge'; they had at least for ten minutes got their eye on to something concrete. A few honest consumers and a few of the better producers reaped a benefit.

Chapter II

Check Up

The remarks foregoing, even though they are in some cases my own, have no claim to be novelties. Any man reading or re-reading a classic will be affected by what he agrees with, but probably respect the ancient author in proportion as he seems sound or as he seems to have antedated modernity.

Thus in Hume, 'Prices do not so much depend on the absolute quantity of commodities and that of money which are in a nation, as on that of the commodities which come or may come to market, and that of the money which circulates' (D. Hume, b. 1711, d. 1776. *Essay on Money*).

The error of America in the 1830's was to

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bull the land market as if unworked land far from railways could 'yield'.

The analogy in the 1930's is that the American fool has repeated himself, putting 'industry' in the place of land, *i.e.* stocks, shares in industrial companies which either were not in shape to produce or had no possible market anywhere within dreamable range of the selling price of stocks in New York.

Hume's reasons for wanting what he calls a prosperous state were manifestly despicable, consisting mainly in the idea that if a state were prosperous some disgusting louse like Louis XIV would be able to pay the dregs of the population (his own or some one else's) to go kill or rob some one else. But that is no reason for not observing Hume's intelligence. He already saw through money, saw through coined money at that.

Some of his propositions are still valid, and possibly unsupersedable.

You will probably find nothing more valid inside its own scope than the statement that

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prosperity depends not on the quantity of money in a country but on its *constantly increasing*.

This was before the term inflation was in daily use.

DISSOCIATE. Inflation, first used as a derogative term and now (1932) advised as policy 'all over the place'.

DISSOCIATE inflation from steady increase. The term inflation might be limited to mean disproportionate and faked augmentation of the amount of paper currency, an augmentation having no relation to fact, or having a faked relation to fact.

INCREASE or proper augmentation.

As certificate of an increasing productivity, increase of product, increase of means of production there **SHOULD** be an increase in the printed certificates of value (circulatable certificates).

But here again one must distinguish, and here in particular one can learn from history and in particular the American history of the 1830's. At that time there was a land boom.

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Fools bought land and boosted the sale price regardless of the fact that the merchandise (land) wasn't producing, wasn't being worked, couldn't be worked at once or for a considerable time, and there were crises and panics, etc.

'Worthless' land was just as worthless then as worthless machinery and factories are now.

To need certificates of value the product (of land or of factory) must be wanted by someone, and there must be means of getting it to them.

There are four elements; and it is useless trying to function with three:

1. The product.

2. The want.

3. The means of transport.

4. AND the certificates of value, preferably legal tender and 'general', in the sense that they should be good for wheat, iron, lumber, dress goods, or whatever the heart and stomach desire.

And (repeating an earlier proposition),

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everybody must be able to get a certain number of these certificates on what might be called decent conditions, *i.e.* without torture and without excessive worry.

Preferably on 'fair terms', namely that the conditions for getting them must not be violently different in the cases of A, B and C.

For the *n*th time, I repeat that the straightest road to such a desirable condition is *via* the formula: a small amount of work for everyone, with a certificate of work done as the consequence.

The brains of the nation or group to be used in discerning WHAT work is most needful, what work is less necessary and what is desirable even though not strictly necessary.

Such work should be paid. It would not fill up any man's day.

The rest of his day he could employ in expressing his difference of opinion with the majority, and in such 'work' or activity as he (as distinct from the brains of the country

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officially organized) might consider proper, necessary or desirable.

Ultimately your credit board or your bank scoundrels or whoever is the financial and economic executive would have one main function and would be judged intelligent or imbecile according as this was performed with competence. They are there to determine, and so far as possible to keep steady, the rate of increase in the printed certificates of value.

And their motivation should be the *bonum publicum*, the commonweal and not the shifting and shaking the sieve for the benefit of a few highly-placed crooks, scoundrels and exploiters.

The most opportune citation is from a Spaniard whose name is not, in my source, printed, debating the new constitution, he observed that where the financial influences had been too strong and uncontrolled, freedom had suffered.

THE BASES OF ECONOMICS are so simple as to render the subject almost wholly uninteresting.

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The complication of the subject is hardly a complication, it arises

A. from the extreme difficulty of foreseeing what will be wanted;

B. from the rascally nature of certain men, from selfishness of exploiters and those in 'favoured positions' who fear to lose an 'advantage'.

The best system of government, economically speaking, is that which best balances the four elements listed above, be it republic, monarchy, or soviet or dictatorship. In future it will probably be a republic save in special cases, but republic or soviet, the government which best manages this balance, which manages it with the least bunk and blah and the greatest honesty, will and should probably prevail 'as a system of government'.

Chapter III

Dictatorship as a Sign of Intelligence

Popular fancy and Ludwagian cheap-jackery show the dictator as man of the hour, force of will, favoured of fortune.

The phase 'intelligence' is more interesting. Mussolini as intelligent man is more interesting than Mussolini as the Big Stick. The Duce's aphorisms and perceptions can be studied apart from his means of getting them into action.

'We are tired of a government in which there is no responsible person having a hind name, a front name and an address.'

'Production is done by machines but consumption is still performed by human beings.'

Chapter IV

Also his Perception of the Dimension Quality

It is something, it was indeed a bright day when some ruler perceived that there was a limit to the dimension quantity in the nation's productivity, I mean a limit to quantity of production that could be advantageous either to a given nation or to the world, but that there is no limit to the dimension quality. There have been attained maxima, *vide* my criticism of art and letters for cited examples, but these attained maxima are not ineluctable limits. Nothing forbids us to desire a better art than that of the Quattrocento. We may be or may not be damned unlikely to get it, but there is no harm in trying. At any rate, in the dimension

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QUALITY there is ample field for all human energy, no one need feel cramped at having only four hours a day for paid work.

After that, the problem of civilization is pretty well outside the domain of the economist. Neither the billionaire nor the whole howling populace can bribe, coax or bully the artist into surpassing his own qualifications.

Five hundred people can get any kind of civilization they like, *up to* the capacity of their best inventor and maker. But all they can do for him is to feed, clothe, and give him leisure and space to work in.

Finale

Within twenty-four hours of writing the above I find that R. H. C. (in *New English Weekly* for June 16, 1932) has at last found an expression simple enough to be understood by almost anyone, save possibly Maynard Keynes or some paid mouthpiece of British Liberalism.

‘Would you call it inflation to issue tickets for every seat in a hall, despite the fact that the hall had never before been filled, or more than a fourth of the seats sold, because of there not being enough tickets available?’

‘Inflation would consist in issuing more tickets than there are seats.’

That is the foundation stone of the New (Douglas) economics.

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Keynes may have found it out by now; he was incapable of understanding it in 1920, and until he makes definite public acknowledgment of the value of C. H. Douglas, I shall be compelled either to regard him as a saphead or to believe that his writings arise from motives lying deeper in the hinterland of his consciousness than courtesy can permit me to penetrate.

‘... and they adopt a hundred contrivances, which serve no purpose but to check industry, and to rob ourselves and our neighbours of the common benefits of art and nature.’

—DAVID HUME: *The Balance of Trade*.

Conclusions

Or a Postscript in the Spring

An economic system in which it is more profitable to make guns to blow men to pieces than to grow grain or make useful machinery, is an outrage, and its supporters are enemies of the race.

2. The immediate problem is distribution.

3. National dividends are possible.

4. The moment you conceive money as certificate of work done, taxes are an anomaly, for it would be perfectly simple to issue such certificates of work *done for the state*, without wasting effort in re-collecting certificates already in circulation.

This doesn't mean that the state should buy just anything it fancies. There would be a rush of 'gold-diggers' the moment such a

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concept began to function, but there should also be an aroused sense of proportion in values TO the state.

There would be no miserliness in regard to sanitation, healthy houses, medical and dental services. England now wastes three million lives in peace time for every million lives spent in the war.

5. The popular instinct against taxation is sound. I repeat that national dividends are possible, but I doubt their immediate necessity, and in any case the first step toward them, whether you regard it as proved right or as experiment, could (? should) be made by this direct payment in newly conceived money for work publicly needed. This might very possibly provide the just proportion of increase in circulating medium needed to keep exchange healthy.

‘Prosperity comes of exchange’ (meaning exchange of different goods, regardless of the steps, book-keeping, etc., which may intervene).

6. A lot of rot is talked because of failure to

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dissociate different meanings in the term 'gold standard'.

Gold could serve as *measure* even with the new and newest fancy brands of economics, so long as the issuance of money (needed for exchange) isn't ham-strung or exploited by people who happen to have the gold at a given moment.

It is perfectly easy to increase the volume of money in circulation without debasing its value.

7. If any of the author's opinions are wrong he will be only too glad to change 'em on proof being adduced to their contraries, but he will not alter them merely to please gun-makers' touts or subsidized economists who for twenty or more years have done nothing save their utmost to wrap up the subject in tissue paper, and to involve it in mystery. Their opinions are suspect because of probable motives, and they never meet open statement by open statement but solely by avoidance or by running off at a bias.

I personally heard one of the chief and

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most despicable fakers describe himself as an 'orthodox economist'. 'Orthodox' and subsidized physicists condemned Galileo.

Political bearing

Both in England and in America the new party should be a MATERIAL PARTY with three parts to its platform:

1. When enough exists, means should be found to distribute it to the people who need it.

2. It is the business of the nation to see that its own citizens get their share, before worrying about the rest of the world.

(If not, what is the sense of being 'united' or organized as a state? What is the meaning of 'citizen'?)

3. When the potential production (the possible production) of anything is sufficient to meet everyone's needs, it is the business of the government to see that both production *and* distribution are achieved.

E. P. Feb. 12, anno XI dell' era
Fascista.