

# Answers According to Douglas

Arranged by W. Harold Emslie M.B.

Answers from Economic Democracy by C.H. Douglas

## Foreword by John W. Hughes

In the late 1950's Dr. W. Harold Emslie, then practising as a homeopathic doctor in Glasgow, Scotland, brought out his 'Answers According to Douglas' which was, essentially, a reproduction of parts of Douglas's 'Economic Democracy' in the form of questions and answers but retaining Douglas's text.

It should be stressed that at no point did Emslie depart from Douglas's actual words and the object of the resume was to bring out Douglas's meanings more clearly by prefixing each paragraph, or part of a paragraph, with the appropriate question followed by the following paragraph written as the answer to the question. The reader will grasp what Emslie attempted to do almost immediately on commencing the reading.

It appears that Dr. Emslie never proceeded further than the majestic 'Economic Democracy' in this though clearly it is a technique applicable to other works. Since the few alterations that were necessary were merely cosmetic, Emslie never charged more than the cost price of this endeavour which was brought out on sets of copying paper merely stapled together. The section now committed to the electronic media covers some of the more philosophic issues in 'Economic Democracy'.

As the custodian of what seems to be the last remaining example of Emslie's resume in existence, I have added at the end, a diagrammatic explanation of Chapter X of the work in question. This should render the passage of the goods through the companies belonging to Messrs. Jones, Brown and Robinson and their interactions and transactions with the clearing house (i.e. bank), more self-explanatory. It should also make it unnecessary to rewrite Douglas's lengthy account.

[This last paragraph has been left unaltered, but readers will need to refer to Chapter 10 of Economic Democracy on this website for the diagrammatic explanation]

- Q.1 Why are people so conservative in their outlook on economics?
- A.1 Because the 'tracing back to first principles of the dogmas used for everyday purposes requires, in addition to some little aptitude and research, a laborious effort of thought and logic very foreign to our normal methods'.
- Q.2 Why is it 'not clearly seen why a statement which has embodied a sound principle, may in course of time become a dangerous hindrance to progress'?
- A.2 'Because the form is commonly mistaken for the substance'.
- Q.3 Why would the commercialist 'have us turn the land into a counting house and drain the sea to make a factory'?
- A.3 'Because from the commercial policy of the 19th century has quite clearly sprung great advance in the domain of science and the mastery of material nature.'
- Q.4 Why does the Social Reformer 'condemn all business as abominable'?
- A.4 Because 'obsessed... with the poverty and degradation which shoulder the very doors of the rich,' he 'is apt to turn his eyes back to the days antecedent to the Industrial Revolution' and 'assume that the conditions he deplors did not exist then.'
- Q.5 What does the American Declaration of Independence 'the alienable right of man to life, liberty and the pursuit of happiness' mean?
- A.5 'These words are an assertion of the supremacy of the individual considered collectively, over any external interest.'
- Q.6 Would the supremacy of the individual mean anarchy, what is commonly called individualism, or Fabian collectivism?
- A.6 It would not mean any of these.
- Q.7 How should the economic and political structure be re-adjusted?
- A.7 'The primary requisite is to obtain, such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism; that by their aid he is placed in such a position of advantage, that in common with his fellows he can choose with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him.'
- Q.8 What is the basis of independence of this character?
- A.8 It 'is most definitely economic'.
- Q.9 Were men made for systems?
- A.9 No. 'Systems were made for men'.
- Q.10 Should we build down from the State?
- A.10 No. 'We must build up from the individual'.
- Q.11 ...What is 'put forward as an omnibus answer to any individual hardship'?
- A.11 The theory of the 'survival of the fittest'.
- Q.12 Why do people, who are obviously unfit for positions of power in the community, often rise to positions of great power?

- A.12 Because our present unsatisfactory social and economic environment favours their rise.
- Q.13 What have been the results of ‘this demand to subordinate individuality to the need of some external organisation, the exaltation of the State into an authority from which there is no appeal?’
- A.13 ‘Nothing less than appalling’.
- Q.14 In the sphere of politics has all settled policy been abandoned?
- A.14 All ‘other than the consolidation of power’.
- Q.15 ‘In the State services’ what ‘has kindled widespread resentment’?
- A.15 ‘The easy supremacy of patronage over merit, and vested interest over either.’
- Q.16 What does it say ‘in the interim report of the Commission on Industrial Unrest’?
- A.16 ‘There is no doubt that one cause of labour unrest is that workers have come to regard the promises and pledges of Parliament and Government Departments with suspicion and distrust.’
- Q.17 What is ‘a definite component of a system having centralised control of policy at its apex’?
- A.17 ‘Servility (not necessarily, of course, of manner)’.
- Q.18 What is the twin evil of servility?
- A.18 ‘Poverty’.
- Q.19 Is it universally recognised that the development of self-respect is an antecedent condition to any real improvement in environment?
- A.19 Yes, but ‘it is not so generally understood that a world-wide system is thereby challenged’.
- Q.20 ‘In respect of any undertaking’ is not ‘centralisation.,the way to do it’?
- A.20 Yes, but it ‘is neither the correct method of deciding what to do or of selecting the individual who is to do it.’
- Q.21 Do not many of the more glaring defects of society proceed from the misuse of the power of capital?
- A.21 Yes, but the ‘private administration of capital has had a credit as well as a debit side to its account.’
- Q.22 What is ‘the danger which at the moment threatens individual liberty far more than any extension of individual enterprise?’
- A.22 The ‘Servile State’.
- Q.23 What do you mean by the ‘Servile State’?
- A.23 ‘The erection of an irresistible and impersonal organisation through which the ambition of able men, animated consciously or unconsciously by the lust of domination, may operate to the enslavement of their fellows.’
- Q.24 How would the ordinary citizen be under such a system as compared to ‘under private enterprise freed from the domination of finance and regulated in the light of modern thought’?
- A.24 ‘Far worse off.’
- Q.25 What is ‘the real enemy’?

- A.25 'The will-to-power'.
- Q.26 What would be the result of the 'nationalisation of all the means of livelihood'?
- A.26 The substitution of a 'worse, because more powerful, tyranny for that which it would destroy'.
- Q.27 What has been 'the effect of the operation of the will-to-power'?
- A.27 'To accumulate capital in a few groups, possibly composed of large numbers of shareholders, but frequently directed by one man.'
- Q.28 What is this process?
- A.28 'Quite clearly a stage in the transition from decentralised to centralised power.'
- Q.29 By what plea do we have the coalescing of small businesses into larger and of nations into leagues commended to our reason?
- A.29 'By the plea of economic necessity and efficiency'.
- Q.30 What lies behind this?
- A.30 'Always the will-to-power, which operates equally through politics, finance or industry, and always towards centralisation.'
- Q.31 What will nationalisation, without decentralised control of policy do?
- A.31 It will quite effectively install the trust magnate of the next generation in the chair of the bureaucrat with the added advantage to him that he will have no shareholders' meeting.
- Q.32 What is 'one of the more obvious effects of the concentration of credit capital in a few hands'?
- A.32 'Its contribution to the illusion of the fiercely competitive nature of international trade.'
- Q.33 On what is the capitalist system fundamentally based?
- A.33 'On the financial perversion of the law of supply and demand.'
- Q.34 Is the real wealth in the world balanced by the amount of money people possess?
- A.34 No. 'The book value of the world's stocks is always greater than the apparent financial ability to liquidate them.'
- Q.35 What does the accountant call capital?
- A.35 The total of different sums of bank credit which have been issued, 'but which are in fact merely a function of prices.'
- Q.36 What is the effect of this 'piling up of a system of figures'?
- A.36 'The effect of this is, of course, to decrease progressively the purchasing power of money.'
- Q.37 What arguments are given for a world-wide movement towards centralised control'?
- A.37 'Increased efficiency and consequent economic necessity.'
- Q.38 What gives a deepening distrust of such measures of centralisation?
- A.38 'Personal experience and observation of their effect on the individual.'
- Q.39 When 'came the intervention of the financier into industry'?
- A.39 'With the advent of machinery'.
- Q.40 What has been the logical and rapid development through the small workshop run on

borrowed money to the larger factory?

A.40 To the still larger 'limited liability company or Trust, in which the craftsman, the management and the direction of policy, became still further separated.'

Q.41 What has it been possible to obtain 'by the separation of large classes into mere agents of a function'?

A.41 'The more or less complete co-operation of large numbers of individuals in aims of which they were completely ignorant and of which had they been able to appreciate them in their entirety, they would have completely disapproved.'

Q.42 What do you think of commercial policy 'since it has been accompanied by a growing subjection of the individual to the machine of industrialism'?

A.42 'It is quite unquestionable that the whole process of centralising power and policy and alleged responsibility in the brains of a few men whose deliberations are not open to discussion; whose interests, largely financial, are quite clearly in many respects opposed to those of the individuals they control, and whose critics can be victimised; is without a single redeeming feature, and is rendered inherently vicious by the conditions which operate during the selective process.'

Q.43 To what kind of men do these positions of power fall?

A.43 'To men whose very habit of mind, however kindly and broad in view it may be and often is in other directions, must quite inevitably force them to consider the individual as mere material for a policy-cannon-fodder whether of politics or industry'.

Q.44 What has gone along with this development of the separation of the craftsman, the management and the direction of policy?

A.44 'A parallel change in the status of the individual. '

Q.45 What is the implication of the fact that the apprentice, the journeyman and the master were all of one social class?

A.45 'It involved a common standard to which everyday difficulties could be referred.'

Q.46 What led certain reformers to 'place to the debit of machinery and quantity-production all the miseries and ugliness visible in the Midlands and the manufacturing North'?

A.46 'A confusion between cause and effect'.

Q.47 What virtue is there 'in taking ten hours to produce by hand a necessary which a machine will produce in ten seconds, thereby releasing a human being to that extent for other aims'?

A.47 Absolutely none, 'but it is essential that the individual should be released: that freedom for other pursuits than the mere maintenance of life should thereby be achieved'.

Q.48 What is purchasing power?

A.48 'Purchasing power is the amount of goods of the description desired which can be bought with the sum of money available, and it is clearly a function of price.'

Q.49 Is not price 'simply a question of supply and demand'?

A.49 'Only the upper limit of price is thus governed.'

Q.50 What fixes the lower limit of price?

A.50 'Cost plus the minimum profit which will provide a financial inducement to produce.'

Q.51 'It is frequently assumed that a mere glut of goods will bring down prices quite irrespective of any intrinsic economy involved in large scale production.'

- A.51 ‘Unless these goods are all absorbed, the result may be exactly opposite, since deterioration must go into succeeding costs.’
- Q.52 What is cost?
- A.52 ‘The accumulation of past spendings over an indefinite period.’
- Q.53 What does cash price require?
- A.53 ‘A purchasing power effective at the moment of purchase.’
- Q.54 What is the price ‘where competition is restricted by Trusts’?
- A.54 ‘Cost plus whatever profit the Trust considers it politic to charge.’
- Q.55 What would be the ruling limit of price ‘under free competition’?
- A.55 ‘The lower limit’ See Q&A 50.
- Q.56 What is ‘the kernel of the problem’?
- A.56 ‘Factory cost.’
- Q.57 If we should have ‘the complete profit-sharing enterprise in its ultimate aspect’ what would be the ‘three main divisions of factory cost’?
- A.57 ‘The “staple” raw material, the wages and salaries, and a sum representing a proportion of the cost of upkeep on the whole of the plant, which might easily equal 200 per cent of the wages and salaries.’
- Q.58 ‘What would be the factory cost of the total production’?
- A.58 ‘The addition of these three items: staple material, labour and salaries, and plant cost.’
- Q.59 What ‘would be the selling price’?
- A.59 The factory cost ‘with the addition of selling charges and profit’.
- Q.60 As a result of the operations of this undertaking how much would the wealth of the world be apparently increased?
- A.60 ‘By the difference between the value of all the material entering the factory, and the total sum represented by the selling price of the product’.
- Q.61 Would ‘the total amount distributed in wages, salaries and profit or dividends’ be sufficient to meet ‘the total selling price of the product’?
- A.61 Clearly not. It ‘would be less by a considerable sum (representing purchases on factory account)’.
- Q.62 Is this only so in one factory?
- A.62 ‘If this is true in one factory it must be true in all.’
- Q.63 ‘Consequently, the total amount of money liberated by manufacturing processes of this nature is clearly less than the total selling price of the product.’
- A.63 Yes. ‘This difference is due to the fact that while the final price to the consumer of any manufactured article is steadily growing with the time required for manufacture, during the same time the money distributed by the manufacturing process is being returned to the capitalist through purchases for immediate consumption.’
- Q.64 Could this deficiency in effective demand be made up from the personal cash accounts in the banks?
- A.64 No, because ‘we know that the total increase in the personal cash accounts in the banks in normal times is under 3 per cent of the wages, salaries and dividends distributed.’

Q.65 What sources remain to bridge this deficiency in effective demand?

A.65 'There are two sources remaining; loan credit,... and foreign or export demand.'

Q.66 What is loan-credit?

A.66 'Purchasing power created by the banks on principles which are directed solely to the production of a positive financial result. Loan-credit is never available to the consumer as such, because consumption as such has no commercial value.'

Q.67 If loan-credit is no use to the consumer as such what does it do?

A.67 'Loan-credit has become the great stimulus either to manufacture or to any financial or commercial operation which will result in a profit, that is to say, an inflation of figures.'

Q.68 What is the effect of 'the sums distributed in advance of the completion of large works'?

A.68 They 'become effective in the retail market'. 'This process involves a continuous inflation of currency, a rise in prices and a consequent dilution in purchasing power.'

Q.69 What are the two processes at work?

A.69 'An intrinsic cheapening of the product by better methods, and an artificial decrease in purchasing power due to what is in effect the charging of the cost of all waste and inefficiency to the consumer.'

Q.70 What happens the greater the volume of production?

A.70 'The larger will be the absolute value of the waste which the consumer has to pay for, whether he will or no.'

Q.71 But does not increased production mean decreased cost per piece?

A.71 Yes, but 'it is the total production price which has to be liquidated'.

Q.72 'There is not very much left of the argument for the innate desirability of unlimited, unspecified and intensified manufacturing under the existing economic system.'

A.72 No, and 'more trouble yet is ahead of it'.

Q.73 'While the ratio of plant charges to total wages and salaries cost is less than 1:1 over the whole range of commodities' would 'a general rise in direct rates of pay mean a rise., in the purchasing power of those who obtain their remuneration in this way'?

A.73 It might, 'but not a proportionate rise'.

Q.74 What happens 'when by the increased application of mechanical methods the average overhead charge passes the ratio of one to one (which it rapidly will, and should do on this basis of calculation)'?

A.74 'Every general increase in rates of pay of "direct" labour may mean an actual decrease in real pay, because the consumer is only interested in ultimate products and overhead charges do not represent ultimate products in existence.'

Q.75 What of the 'argument which represents a manufactured article as an access of wealth to the country and to everyone concerned no matter what its description and utility, so long as by any method it can be sold and wages distributed in respect of it'?

A.75 'It will be seen to be a dangerous fallacy based on an entirely wrong conception, which is epitomised in the use of the word "production" and fostered by ignorance of financial processes'.

Q.76 When is manufacturing advantageous?

A.76 'Manufacturing of any kind whatever., is the conversion of one thing into another, which process is only advantageous to the extent that it subserves a definite requirement of human evolution' and 'can only be paid for in one way, by effort on the part of somebody'.

- Q.77 What 'if the effort is aimless or destructive'?
- A.77 'The money attached to it does not alter the result.'
- Q.78 What 'if this effort is useful effort'?
- A.78 'If "useful" in the sense that a definite, healthy and sane human requirement is served, the wealth and standard of living of the community may thereby be enhanced'.
- Q.79 'The financial process just discussed therefore clearly attaches a concrete money value to an abstract quality not proven.'
- A.79 'And as this money value must be represented somewhere by equivalent purchasing power in the broadest sense, misdirected effort which appears in cost forms a continuous and increasing diluent to the purchasing value of effort in general'.
- Q.80 Why are economic questions of paramount importance?
- A.80 'Because the economic system is the great weapon of the will-to-power' at the moment.
- Q.81 'If the economic problem could be reduced to a position of minor importance' would 'the "deflation" of the problem., be accomplished'?
- A.81 Yes, 'to a very considerable extent, if the productive power of machinery could be made effective in reducing to a very small fraction of the total man-hours available, the man-hours required for adapting the world's natural resources to the highest requirements of humanity'.
- Q.82 Is the opportunity to do this now with us?
- A.82 Yes. 'The technical means are to our hands' and 'the goodwill is by no means lacking'.
- Q.83 Would you say that waste is no 'less waste because a money value is attached to it'?
- A.83 Definitely. 'The machinery of remuneration must be modified profoundly since the sum of the wages, salaries and dividends distributed in respect of the world's production will buy an ever-decreasing fraction of it'.
- Q.84 What is the reason for 'one of the most curious phenomena of the existing economic system that a large portion of the world's energy, both intellectual and physical, is directed to the artificial stimulation of the desire for luxuries by advertisement and otherwise, in order that the remainder may be absorbed in what is frequently toilsome, disagreeable and brutalising work'?
- A.84 'To the end that a device for the distribution of purchasing power may be maintained in existence.'
- Q.85 What would be the result of 'the perfecting of the organisation to carry on this vicious circle'?
- A.85 'A complete negation of all real progress.'
- Q.86 Since 'the material requirements of the individual are quite definitely limited' what do you think of any attempt to expand them artificially'?
- A.86 An interference with the plain trend of evolution, which is to subordinate material to mental and psychological necessity.
- Q.87 Why is 'the impulse behind unbridled industrialism not progressive but reactionary'?
- A.87 'Because its objective is an obsolete financial control which forms one of the most effective instruments of the will-to-power.'
- Q.88 What are 'the correct objectives of industry'?
- A.88 'Two-fold: the removal of material limitations, and the satisfaction of the creative

impulse’.

Q.89 The effect of the concrete sum distributed as profits is highly rated in the attacks made on the Capitalist system.

A.89 It ‘is of small and diminishing importance as compared with the delusive accounting system which accompanies it, and which acts to reduce consistently the purchasing power of effort’.

Q.90 Of what importance then is profit?

A.90 ‘Of prime importance as furnishing the immediate “inducement to produce”.

Q.91 Would you call this a ‘false inducement’?

A.91 Yes, ‘in that it claims as “wealth” what may just as probably be waste’.

Q.92 ‘If by wealth we mean the original meaning attached to the word: i.e. “well-being” what is ‘the value in well-being to be attached to production’?

A.92 It ‘depends entirely on its use for the promotion of well-being (unless a case is made out for the moral value of factory life), and bears no relation whatever to the value obtained by cost accounting’.

Q.93 Considering ‘the interaction between production for profit and the creation of credit by the finance and banking houses’ what would you say is ‘the root of the evil accruing from the system’?

A.93 It is ‘in the constant filching of purchasing power from the individual in favour of the financier, rather than in the mere profit itself.

Q.94 ‘Having in view the importance of the issues involved it may be desirable to summarise the conclusions to be derived from a study of the methods by which the price of production is based on cost under the existing economic arrangements’.

A.94 ‘They are as follows:-

- (1) Price cannot normally be less than cost plus profit.
- (2) Cost includes all expenditure on product.
- (3) Therefore, cost involves all expenditure on consumption (food, clothes, housing etc.), paid for out of wages, salary or dividends as well as all expenditure on factory account, also representing previous consumption.
- (4) Since it includes this expenditure, the portion of the cost represented by this expenditure has already been paid by the recipients of wages, salaries and dividends.
- (5) These represent the community: therefore, the only distribution of real purchasing power in respect of production over a unit period of time is the surplus wages, salaries and dividends available after all subsistence, expenditure and cost of materials consumed has been deducted. The surplus production, however, includes all this expenditure in cost, and consequently, in price.
- (6) The only effective demand of the consumer, therefore, is a few per cent of the price value of commodities, and is cash credit. The remainder of the Home effective demand is loan credit, which is controlled by the banker, the financier and the industrialist, in the interest of production with a financial objective, not in the interest of the ultimate consumer.

Q.95 Will it ‘be necessary to grasp the significance of these considerations’?

A.95 It ‘can hardly be over-rated in its effect on the break-up of the existing economic system, in order to appreciate the result of a change in the control of credit and the method of price fixing with which it is proposed to deal at a later stage’.

Q.96 Does ‘the existing economic system distribute goods and services through the same agency which induces goods and services’?

A.96 Yes, ‘payment for work in progress. In other words, if production stops, distribution

stops and, as a consequence, a clear incentive exists to produce useless or superfluous articles in order that useful commodities already existing may be distributed’.

Q.97 Is that the reason for the apparent necessity for economic sabotage?

A.97 Yes, ‘the colossal waste of effort which goes on in every walk of life quite unobserved by the majority of people because they are so familiar with it’.

Q.98 Is the simplest form of this process that of ‘making work’?

A.98 Yes, ‘the elaboration of every action in life so as to involve the maximum quantity and the minimum efficiency in human effort’.

Q.99 Such as the worker requiring two assistants and half a day to do what a boy could do in one-third of the time?

A.99 Yes, or ‘the machinist insisting on a lengthy apprenticeship to an unskilled process of industry, such as the operation of an automatic machine tool’.

Q.100 What are other instances of waste?

A.100 ‘The manufacturer who produces a new model of his particular speciality, with the object, express or subconscious, of rendering the old model obsolete before it is worn out.’

‘The immense region of artificial demand created by advertisement.’

‘In another class comes the stupendous waste of effort involved in the intricacies of finance and book-keeping; much of which, although necessary to the competitive system, is quite useless in increasing the amenities of life; there is the burden of armaments and the waste of materials and equipment involved in them even in peace time.’

Q.101 Any other instances of waste?

A.101 Yes, ‘the ever-growing bureaucracy largely concerned in elaborating safeguards for a radically defective social system; and finally but by no means least, the cumulative export of the product of labour, largely and increasingly paid for by the raw materials which forms the vehicle for the export of further labour’.

Q.102 ‘All these and many other forms of avoidable waste take their rise in’ what?

A.102 ‘In the obsession of wealth defined in terms of money.’

Q.103 ‘An obsession which even the steady fall in the purchasing power of the unit of currency seems powerless to dispel.’

A.103 ‘An obsession which obscures the whole object and meaning of scientific progress and places the worker and the honest man in a permanently disadvantageous position in comparison with the financier and the rogue.’

Q.104 ‘It is probable that the device of money is a necessary device in our present civilisation.’

A.104 Yes, ‘but the establishment of a stable ratio between the use value of effort and its money value is a problem which demands a very early solution, and must clearly result in the abolition of any incentive to the capitalisation of any form of waste’.

Q.105 What is the ‘logical consummation of an economic system which rewards variety, quite irrespective of quality, and proclaims in the clearest possible manner that it is much better to “do” your neighbour than to do sound and lasting work’?

A.105 ‘The tawdry “ornament”, the jerry-built house, the slow and uncomfortable train service, the unwholesome sweetmeat.’

Q.106 ‘The capitalistic wage system based on the current methods of finance, so far from offering maximum distribution, is decreasingly capable of meeting any requirement of society fully.’

A.106 'Its very existence depends on a constant increase in the variety of product, the stimulation of desire, and in keeping the articles desired in short supply.'

Q.107 What is the real Antagonism?

A.107 'It is the agelong struggle between freedom and authority, between compulsion and internal initiative.'

Q.108 What 'is ranged on the side of authority'?

A.108 'All the command of resources, information, religious dogma, educational system, political opportunity and even, apparently, economic necessity... and ultimate authority is now exercised through finance.'

Q.109 Is there any concrete difference between work and play?

A.109 Absolutely none: 'unless it be in favour of the former'.

Q.110 'No one would contend that it is inherently more interesting or pleasurable to endeavour to place a small ball in an inadequate hole with inappropriate instruments, than to assist in the construction of a Quebec Bridge, or the harnessing of Niagara. But for one object men will travel long distances at their own expense, while for the other they require payment and considerable incentive to remain at work.'

A.110 'The whole difference is, of course, psychological in the one case there is absolute freedom of choice, not of conditions, but as to whether these conditions are acceptable; there is some voice in control, and there is an avoidance of monotony by the comparatively short period of the game, followed by occupation of an entirely different order.'

Q.111 As 'in industrial affairs the principle of the maximum efficiency of effort per unit of time is so patently unassailable' would not 'a readjustment of system and, above all, a complete reconsideration of objective' be necessary?

A.111 'It is probable that the basis of such changes must be economic, with political and financial systems auxiliary rather than definitive.'

Q.112 'It is certain that a revision of economic policy, to be stable, must result in higher economic efficiency.'

A.112 Yes, 'even though the very aim of that higher efficiency is to reduce economic problems to a very subordinate position. And the higher psychological efficiency of voluntary effort is clearly a step to this end'.

Q.113 Are there not at least two quite irreconcilable criteria preventing economic stability under existing conditions?

A.113 Yes. 'There is, on the one hand, the adjustment of manufacturing of all sorts to the opportunity of sale (not by any means always profitable sale) and this is a purely artificial and yet all-powerful consideration under present financial systems, and constitutes the effective demand. And there is, on the other hand, the growing real demand, first for food, clothing and shelter and then for participation in the wider life which modern progress has made possible, such demand being quite irrespective of capacity to pay in money'.

Q.114 What would the reconciliation of these two interests mean?

A.114 'The defeat of the will-to-power by the will-to-freedom, and in this reconciliation is involved a modification of economic distribution.'

Q.115 'It should be obvious that the real demand is the proper objective of production.'

A.115 Yes, 'and that it must be met from the bottom upwards, that is to say, there must be first

a production of necessities sufficient to meet universal requirements; and secondly, an economic system must be devised to ensure their practically automatic and universal distribution’.

Q.116 ‘This having been achieved’?

A.116 ‘It may be followed to whatever extent may prove desirable by the manufacture of articles having a more limited range of usefulness.’

Q.117 ‘If finance cannot meet this simple proposition’?

A.117 ‘Then finance fails, and will be replaced.’

Q.118 What ‘would provide for a uniformly high standard of physical welfare under existing conditions’?

A.118 ‘It has been estimated that two hours per week of the time of every fit adult between the ages of 18 and 45’ would do so.

Q.119 Would you endorse these figures?

A.119 ‘Without endorsing the exact figures it is perfectly certain that distribution and not manufacture is the real economic problem and is at present quite intolerably unsatisfactory.’

Q.120 Should the whole machinery of business as we know it be scrapped?

A.120 No. ‘The machinery of business, as machinery, is highly efficient; but it must undoubtedly be adjusted so that no selfish desire for domination can make it possible for any interest to hold up distribution on purely artificial grounds.’

Q.121 ‘Since... any centralised administrative organisation is certain to be captured by some interest antagonistic to the individual.’

A.121 ‘It seems evident that it is in the direction of decentralisation of control that we must look for such alteration in the social structure as would be self-protective against capture for interested purposes.’

Q.122 Is not the Shop Steward movement one of decentralisation?

A.122 Yes, it ‘is the most definite industrial recognition from the Labour side, of the necessity of decentralisation’.

Q.123 Is there not a confusion of function, in that the shop steward claims control not only of the conditions of production, but eventually of the terms of distribution?

A.123 ‘This confusion is quite inevitable at present, but is not necessarily permanent, and is obviously undesirable. It is based on the fallacy that labour, as such, produces all wealth, whereas the simple fact is that production is 95 per cent a matter of tools and process, which tools and process form the cultural inheritance of the community not as workers, but as a community, and as such the community is most clearly the proper though far from being the legal administrator of it.’

Q.124 What is the proper object of measures for the economic emancipation of the individual?

A.124 ‘The provision of the right incentive to effort and the removal of any possible incentive to waste.’

Q.125 At present the means (money) for effecting distribution (the purchase of ultimate products) is obtained through employment.

A.125 'Rightly considered distribution should be a function of work accomplished, not of work in progress.'

Q.126 The policy suggested in your book is aimed at pointing the way to what?

A.126 'In so far as it is possible at this time, to a society based on the unfettered freedom of the individual to co-operate in a state of affairs in which community of interest and individual interest are merely different aspects of the same thing.'