

*PAMPHLETS ON
THE NEW ECONOMICS*

No. 15

**SOCIAL CREDIT
AND THE
LABOUR PARTY**

AN APPEAL

EDWIN MUIR

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AN APPEAL

DEAR X,

You still remember me kindly, I hope, though it is a long time now since we knew each other, and we have taken different directions since in politics as in other things. I often think still of the time when we were in the Glasgow I.L.P. together, studying economics and industrial history in the same class, selling "literature" at street-corner meetings, and tentatively trying the strength of our own lungs. That was more than twenty years ago, before the War. It seems a happy time to me now, curiously irresponsible in spite of the responsibility for society that we took on our shoulders : but it was a theoretical responsibility ; we thought that the Capitalist System had still a long life in front of it, and so Marx's theory that society developed by a process of evolution culminating in revolution pleased us intellectually without bothering us with its further consequences, though we were careful to explain to objectors that revolution did not signify a mere blind revolt of the oppressed, but was a highly rational act, a necessary link in a chain governed by reason from beginning to end. The actual change, the real convulsion seemed far away then ; now it is almost upon us ; and you will agree with me that it can only be postponed by another war or by Fascism : there

will be no difference of opinion between us on that point, so that I need not labour it. It is possible, of course, that another war would precipitate the change, producing as its result some form of dictatorship. There are people, both among the proletariat and the middle-class Fascists, who reckon upon this, and are prepared to utilize even war—if a war should come—for the achievement of the particular revolution they have in view. But I know that you are not of that school ; it is, at present in any case, a very small one ; and so I need not labour that point either.

Where we both agree, and where, I believe, the majority of people agree now, is that a change must come and that it cannot be postponed very much longer. I may be wrong about the majority of people (though I am not so sure : ask anybody you meet), but I know I am not wrong about yourself and the party you belong to, for the whole point of the Labour Party is that it is an instrument for changing society. The change seemed far away twenty odd years ago, as I have said, and so the prevailing feeling then was easy hope ; the change is imminent now, so that hope has turned into anxiety, for there is a tide in human affairs which if missed may lead to destruction, and that consciousness, it seems to me, is now a permanent general feeling. I believe, at the same time, that the Labour Party is bound to come into power sooner or later (at least to the extent of securing a majority in Parliament—after which it may well remain powerless as before : that depends upon itself), and that then it will have to face the problem which it was created to deal with : that is the changing of society. I know that when this happens the Labour Party will have

enormous difficulties to meet, both external and internal ; you know these difficulties better than I do, for you have come up against them daily, and the latter particularly, for the best part of your life ; but you know also that if the Labour Party does not meet them it will be an end of it and probably of civilized society too for a long time.

I start, then, from the primary fact that people are seeing more and more clearly that Capitalism is bankrupt and that a change must come, either a destructive change or a creative one ; and from the secondary fact that the Labour Party seems the most likely instrument for bringing about a change of the latter kind. The Conservative and Liberal parties will cling with blind ingenuity to the present system until they go down with it : and the Communists are too feeble and impractical to take any step until the time for it is past. I must say that the history of the Labour Party thus far does not inspire very much confidence ; you will agree with me there too, though you have remained faithful to it. But so far as I can see there is no other instrument in existence at present for bringing about the change in society which everybody feels is necessary ; and having achieved that position the Labour Party cannot back out of it. Besides, it has been built up on the sacrifices of countless people who have believed in it from the beginning and still work for it, as you do ; it has at least an enormous body of strength *behind* it, however little it may be able to show ; and I cannot think that it has not learned something from its failures. Finally, there is the fact, which you would be the last to deny, that if it fails when the real test comes, the test for which it was brought into existence

at such cost to the ordinary people of this country, its failure will be treachery and not a mere blunder.

The change which we both wish for is bound to come—sometime : as a Marxian you must believe that and I believe it for a different reason : that it is inconceivable that mankind should see an age of plenty within its reach and consent to be hedged off from it for all eternity. But since the change must come, the only really important question is how it is to be brought about and how soon. The second of these questions may seem the most urgent at present, since we live in perpetual fear of another world war ; nevertheless it seems to me that it is so closely connected with the first that they cannot be separated : the *how soon* depends on the *how*. For there are ways of bringing about the change which would immediately precipitate war as well as produce in themselves all the horrors of war and famine combined. I have often tried to imagine how a catastrophic revolution on the Russian model would work out in this country. If it did not collapse at once, bringing Fascism and oppression of every kind, it would be bound at least to cut us off for a protracted period from our sources of food, and kill off half of us with starvation, besides probably embroiling us with the Capitalist countries in Europe and weakening us so much that we should be an easy morsel for them. But even admitting that, after death and terror in many forms, the revolution were successful and a desirable system of society emerged, would not the method seem to you infinitely clumsy and wasteful, and would not the terror of its birth colour in some way, however difficult to analyse, the spirit of the new society ? Think of your own life, think of the acts you have done

with the full consent of your reason and your conscience, and those into which you have been driven by compulsion and fear : you must know both kinds, for you went through the War. In both cases you achieved something, got something done ; but is there any comparison in your memory between these two classes of actions? You look back upon the first, I should say, with at least a modified satisfaction, and you are incapable of thinking of the second even to this day without either fear or anger. Our memories as human beings are short ; the memories of a people are long. And the consequences of a national error or crime last far beyond the compass of a single generation. Consider what the Thirty Years War did for the German states, or what Culloden and the Clearances did for our own country. We can see the consequences of them to this day.

Now the belief of the 'orthodox Communist seems to be that once the revolution has worked out its task society will begin with a clean sheet, and the effects of the bloodshed and suffering be wiped away. I can only say that such things do not happen, and have never happened in history. We who accept the Douglas analysis hold that we have a solution by means of which the change-over can be made peacefully and with the full approval of our reason and our conscience ; the Communists seem to be convinced that it can only be achieved through compulsion and terror, though in fact that does not follow from the Communist theory. There are many people who deny that our solution is a valid one, and a greater number who dismiss it without examination ; but it seems to me that in a time of such general dread

a claim like ours deserves at least to be considered with the most serious care.

I know that you do not approve of the catastrophic technique of change any more than I do, and that the policy of your party is entirely against it. The revolution you wish for is a peaceful and constitutional one. But the question is whether you can depend on its being peaceful and constitutional. The condition of the people on whose backing you depend for changing society—the working class—is becoming more and more desperate, and is bound, going either on your analysis of society or on mine, to become more desperate still ; and I think it would not be surprising if they lost patience some day and pushed you to the last consequences of the creed on which your policy is founded. You cannot go on preaching day in and day out that the people must get hold of the land and the factories without convincing them at last that you are right ; and I cannot see how the people are to get hold of the land and the factories securely without a dictatorship of the proletariat : indeed some members of your party have already come to that conclusion. Besides, we all know what will happen whenever your party is returned with a Parliamentary majority : financial credit will immediately tumble down : the Conservative parties are already shouting it and you have already admitted it. But in such a case I should think that the people who returned you would justifiably become a little restive, and either force you to take more drastic measures than you had contemplated or else do so themselves ; and in that case we might find ourselves involved in a violent revolution without the Communist compensating virtues of purposiveness and logic.

The most urgent argument against a violent revolution is the suffering it would be bound to bring ; but that is not the only argument nor, I think, even the most important one. In a violent upheaval many bad things are destroyed, but many good things are destroyed as well ; and once a good thing is destroyed it can never be replaced again. To show what I mean I shall take an instance from history which must be familiar to you. The Reformation in Scotland was a violent upheaval ; the change was far more drastic, that is successful, than in England. There are still traces left of some things that were destroyed ; you must have seen the ruins of Melrose Abbey and of the Cathedral of St. Andrews. These were a great loss in themselves, though I don't suppose either of us loses his sleep over them ; but the important point is that they symbolized a whole way of life, which was not Catholicism merely, but something which rose under Catholicism ; and that way of life was utterly destroyed by the Reformation, so that now, four centuries later, we are still regretting it and trying to imagine what it was like. The Reformation in England was much gentler and much less drastic ; the change-over was smoother ; the old tradition was kept, with a few modifications ; the English way of life was not broken at its core as the Scottish way of life was. I am perfectly convinced that this is the main reason for the difference between English life and Scottish life at the present day, and explains why the English are a civilized people and the Scots a race of educated barbarians. I bring this forward as an instance of the long-standing evils that can be caused by a violent change which destroys things that have been built up laboriously

through hundreds of years. It is comparatively easy to destroy institutions and even systems ; it is infinitely difficult to *produce* a civilization out of the resulting débris, no matter how admirable the new institutions or the new system may be.

Take the problem now from your own standpoint. To the true Marxian, the social revolution, of course, is not the mere negation of the Capitalist development, but rather its consummation ; for Capitalism is a necessary stage in the achievement of Socialism, which ideally, conserves all the good inherent in Capitalism and liberates humanity from all the evil. The Marxian cannot really believe, then, in the doctrine of the clean sheet, for the philosophy which he holds is an historical one, and if you accept an historical philosophy there is no choice for you but to acknowledge that mankind has never had a clean sheet since Adam wrote the first line on it. I myself look upon the doctrine of the clean sheet as a pernicious one : for a clean sheet is an empty sheet. But sometimes after a thoroughly destructive revolution such as the religious revolution in Scotland in the sixteenth and seventeenth centuries, a people has to begin with something resembling a clean sheet ; and the subsequent history of Scotland tells us clearly how amateurish, crude and marrowless are the words that are inscribed on such tablets ; for man is a poor deviser and a poor writer when he is deprived of examples. Another way of putting the same thing is that the human virtues need a deep soil if they are to grow to their perfection, and that to start anew is always to start on shallow soil. You as a Marxian naturally believe this as firmly as I do, and indeed it seems to me that any consistent Marxian

must desire the change from Capitalism to be made with the least possible destruction of the existing goods of society, since Socialism is not a mere Utopian ideal founded on moral precepts, but the final realization of all the good inherent in the development of society from its beginning. That realization cannot possibly be complete if a great deal of the good inherent in society is destroyed in the attempt to achieve it. An actual change will certainly take place, but the successful revolutionist will find that his hands are unexpectedly empty, as he has found, I imagine, in contemporary Russia. I do not mean by this, as you know, that present-day Russia is not an improvement on Czarist Russia ; it is of course an enormous improvement, and the Russian Revolution is the most important event of our age. But that does not mean that the change there, because it has proved partially successful, should be the model for the change which we want to effect in this country.

The things of which I have been speaking are not easy to define, and perhaps I should not have tried to describe them ; I should simply have referred you to Edmund Burke, who has written about them once for all. He saw the reality and the importance of the principle of growth in society, and recognized the danger of violently tampering with it. Here it seems to me that he was far nearer to Marx than Rousseau and the other eighteenth-century French revolutionists were ; for Marx's attitude to society was the very opposite of those who itch to tamper with it whether in an idealistic or a pragmatistical spirit, and was very far removed indeed from the attitude of pugnacious reformers who go about saying, " Things will never be right until we have a bloody revolution."

He saw that the Capitalist System was a thing which was bound to grow and at a certain stage to decay, and it is hardly too much to assert that that conception was the main cause of the whole Socialist movement, including the wing of it to which you belong ; for it provided the first reasonable and substantial hope for the realization of a society freed from economic slavery. But Marx did not merely see that this growth and decay of Capitalism was an inevitable process, and therefore foretellable ; for he was a Hegelian and a dialectician ; and so he envisaged the development of Capitalism as a balanced struggle between two opposites, the bourgeoisie and the proletariat, a struggle which was bound to be resolved by the elimination of the bourgeoisie when their historical rôle was fulfilled, followed by the emancipation of the proletariat and the realization of a socialist society. Of that development this struggle between the two opposites was the very principle ; and so the economic revolution in the body of Capitalism was to be helped on and given political expression by the arraying of the second of these two forces against the first, a programme expressed in the famous call to arms : “ Workers of the world unite ! ” Now that programme is the programme of all the socialist parties in this country, including the Labour Party, and it is this that makes their technique of revolutionary activity, in spite of minor differences, so strikingly similar. That technique is in every case based on the assumption that Socialism can only be brought about by a victory of the proletariat over the bourgeoisie. This struggle may be fought out to a conclusion with varying degrees of ferocity ; but if it is a necessary means for realizing Socialism, then it

is our first duty to see that it should take as peaceable and lawful a form as possible, otherwise we shall destroy many valuable things which we shall never be able to replace. I believe that the class struggle is a necessary means for changing society, though here I disagree with some Douglasites. All that I hold is that it is not being properly directed.

The object of all Socialist parties is also the same, no matter how different their ideology may be. It is the taking over by the community of the means of production, distribution and exchange. I assume that that is the final aim of the Labour Party, as it is of the Communist Party. You are not interested as an organization in such merely ameliorative measures as the raising of wages and the provision of better housing ; these are not the things you would devote your mind to if you were in power. Your real aim is to take over in the name of the community the means of production, distribution and exchange. Now in this formula the word production is put first, and that is natural, for commodities have to be produced before they can be distributed, and distributed before they can be exchanged. It would have been absurd to reverse this order and say "the means of exchange, distribution and production." But the purely temporal and logical primacy of production in this formula seems to have become to you and to other socialist parties a sort of absolute primacy. At any rate I have rarely heard a Socialist growing eloquent on the importance of taking over the means of distribution, and never heard one referring to the means of exchange at all, except when he had to reel off the formula. Of course you will say that this formula with its three terms represents a single and

indivisible unity, and that again is true ; but it does not explain why you should always insist on production and hardly ever refer to distribution and exchange, as if the only function of man were to produce things continually, and the consumption of them were an entirely hypothetical activity.

I hope you will be patient with me while I raise these questions, to which you can give such easy and obvious answers. You will say that the natural primacy of production is unassailable, simply for the reason that it is the most vital of the three processes, and that if things are not produced they can neither be distributed, nor exchanged, nor consumed ; and in that case we should all starve. Now as a logical proposition that is irrefutable ; and if we were a generation without a historical background of any kind, a self-produced generation set down in a world with a clean sheet before us, it would be completely valid. But it is not valid at the present stage of Capitalism ; for you know as well as I do that the thing which has been agitating the whole world for a long time now, the most open and glaring fact about Capitalism, is that it can produce far more commodities than it can exchange. And here I come to the point where, I take it, we disagree fundamentally. The Labour Party wish to change society by taking over first of all the means of production ; while we who believe in Social Credit would begin by taking over the means of exchange.

I have said a great deal in this letter about the Marxian conception of society, and I may have given the impression without wishing it that Social Credit was really a Marxian theory, or a modification of a Marxian theory.

That of course is not so. Yet I honestly think that in insisting at the present stage of Capitalist development on the importance of ensuring control of *exchange* Social Creditors are acting more in the spirit of Marx than his more orthodox followers. Marx foresaw, as you know, that the last stage of Capitalism would be the accumulation of financial capital. This stage has been reached, and since that is so, surely anyone should see that an effective attack on Capitalism now must have a different approach from the traditional attack of thirty or forty years ago, when capital was mainly industrial. The stronghold of industrial capital was the ring and the combine ; the stronghold of financial capital is the banking system. You may say that these two things, industrial capital and financial capital, are integral parts of the same power, and there no doubt you are right ; but one is primary and the other secondary, and my quarrel with your party is that it goes on hammering away at the secondary manifestation of the system as it did thirty years ago, ignoring the development of Capitalism since, and ignoring Marx, as well. Your policy is still the elongated shadow of a struggle in a large factory between the workmen and the owners, while the real struggle has moved elsewhere without your noticing it. The actual factory struggle is of course still going on, and it is necessary that it should go on, for the class struggle is an unavoidable feature of industrial civilization, whatever one may think of it in its present form as an effective instrument for changing society. But the rise to primacy of financial capital is a decisive fact, and it demands from the leaders of your party a different strategy from the old one.

I have tried to describe the points on which we agree

and the main point on which we differ. I have no wish to equate Social Credit with Marxian Socialism in any of the forms it takes, including that of your own party (for your party is just as essentially Marxian as the Communist Party); and in what follows I speak purely for myself, without involving any other supporter of Social Credit. To come to the point then: although I regard Social Credit as the key to the whole practical problem of change, I am convinced that it can do nothing without allying itself with and adopting to a great measure the Marxian point of view and the Marxian technique. As it stands it is a Utopian idea, by which I do not mean that it is not true, but that it has not behind it an historical philosophy, so that it is incapable in itself of producing, as organized Socialism has partly done, an actual historical instrument through which it can be realized. It seems to me that Social Credit can only become effectual when it is recognized as an adjunct to the whole Socialist movement, a necessary new arm for the realization of Socialism. You may retort that this argument boils down here to nothing more than an attempt to exploit the Socialist movement for the realization of Social Credit, and make it do for us what we cannot do by ourselves. In reply to that I can only remind you that the Socialist revolution consists in the taking over of the means of production, distribution and *exchange*, that the stage of Capitalism which we have reached is a stage of financial capital, and that the traditional battle with the ring and the combine has consequently lost its main point, retaining at most a sort of old-fashioned bravery. You may say next, as so many Socialists do, that the theory of Social Credit is a purely bourgeois theory,

intended to bolster up Capitalism and perpetuate it, instead of superseding it. I do not believe that for a moment, and if I were convinced that it was so I should throw up Social Credit to-morrow. Also there is the fact that if you ever succeed in achieving a Socialist society you will have some time or other to socialize the means of exchange; that is not only an orthodox but a highly necessary part of your programme. All that I am arguing is that it should be your first step, instead of your last.

I think I am in duty bound to take up here the argument that Social Credit is a bourgeois theory intended to bolster up Capitalism ; not because I think you will doubt my good faith, but because every statement with a public bearing must necessarily be supported by reasonable argument; you may not demand it, but the statement itself does. I know that there are many Social Creditors who are not Socialists and who even consider that Socialism is a fallacy to be combated ; and I do not deny that they have a case, but it seems to me a short-sighted one. They claim that the socialization of credit would bring about a state of leisure and plenty, and there I agree with them : it seems to me that theoretically their argument has never been convincingly refuted. A state of leisure and plenty, what more can anybody want than that ? they ask, and why try to impose on this condition, desirable in itself, the forms of an antiquated Socialism ? That sounds reasonable enough ; yet it is surely obvious that the transition to a state of leisure and plenty from our present state of artificial scarcity could not possibly be a settlement of every problem of society ; that, indeed, it would raise more questions than it solved. Middleton

Murry adduced some of these questions a few years ago in a debate with Douglasites, and doubted, I think very reasonably, whether the business of society would be got through in a satisfactory way if everybody, let us say, was in receipt of a dividend sufficient to live on without doing any work. His doubt was a legitimate one, not a mere debating point, and I do not think that it was answered convincingly by any of the supporters of Social Credit who tried to do so. Their answer, boiled down, was that Middleton Murry did not trust mankind ; but why should he ? The reasonable reply to that is that you must trust mankind and distrust mankind, recognizing man's potentialities for good if you are not to despair, and recognizing his limitations if you are not to be lost in infatuated hopes. Middleton Murry's objection to Social Credit on this point, then, was a perfectly sensible one ; and this point is only one among a hundred that would be raised by the introduction of Social Credit. General leisure is only possible if one posits general responsibility : that is so obvious that it would be waste of paper to attempt to demonstrate it. The Douglasites hold that the only factor of any importance is exchange ; you hold that the only factor of any importance is production. I agree with the Douglasites that exchange is the first thing to be attended to ; but on the larger question I disagree with you both. The Douglasite argument is roughly this : Why bother about production when the Capitalist System has clearly shown that it can produce far more than it can dispose of ? The answer to that is another question : How did the Capitalist System contrive to produce such an abundance ? By the forced labour of a class whose only choice was to

work for it or starve. Take away the necessity for that choice, and what will become of the famed productivity of the Capitalist System ? The Douglasite may say that the choice can never be taken away, that the necessity will always remain ; for if some people do not continue to work the result may be a state of leisure but it will hardly be a state of plenty. Such an answer seems to me far too light-heartedly pragmatic. I do not want a state even of leisure and plenty if it is to be kept up by sacrificing the conscientious man to the idler. In a condition of general leisure there must in fact be some means for registering and if necessary enforcing general responsibility ; and the only means that there can be for doing that is the co-operative control and working of the means of production. It seems to me inevitable, in other words, that the one change is bound to lead to the other, simply because the one is not workable without the other. I cannot go further into this argument in a short letter ; but it is the argument which you have often yourself brought up against Social Credit. I want to show you that, from your own point of view, it is an argument for it.

You may accuse me here of arguing against my own case. I deny it ; I am only arguing against those of my party who believe that Social Credit is the key to the whole future of mankind. Social Credit is an idea ; it is not sacrosanct ; it exists to be used ; and it is of no importance in itself until it is used. As soon as one tries to use it, or asks a powerful and responsible political party to use it, one must try to discover what its uses are, and what are their limitations. I have tried to show that it would not bolster up Capitalism but on the contrary

initiate a series of problems whose only solution would be Socialism. And you must admit yourself that there would be an obvious inconsistency within any society where credit was *social* and capital *private* ; any argument which insists on the socialization of the one must inevitably end by insisting on the socialization of the other as well.

From all this I draw two conclusions. First, that to become effective Social Credit must be regarded as part of an actual historical process, whose political embodiment is the Socialist and Labour movement, for only in that way can it be *used* : otherwise it must remain a mere floating idea without a body to incarnate it, or an instrument to achieve its aims. And second, that not only is it a decisive step in the direction of a Socialist society, but also the step which, when your party is returned to power, it would find most easy and effectual and also expedient to take.

I say it is the easiest step you could take, for the power we wish you to attack is the financial power, and it is the most highly centralized power in all society. To socialize production is to socialize a great number of things ; and if you follow the careful policy you have pursued in the past I take it that you will begin by socializing one or two of the larger industries and carry out your programme piecemeal. In socializing exchange you socialize one thing, you strike at one interest, and in doing so I think it is possible that you will draw to your side a number of other interests, as well as the general interest of the community for what it is worth : however, I admit that that is very little, for the community is a headless and handless monster, incapable in itself either of contriving or of grasping : you need an organized

body for that. Still, in every case it is better to have the public for one than against one ; if it does not actually increase one's powers of action it at least smooths the path for action.

But to socialize credit would not only be more easy than to socialize this or that part of production ; it would also be more effective ; for though financial credit is one thing it is also intimately involved with everything else, and to control it is to have a say in everything. Change the basis of credit, in other words, and you modify the whole basis both of production and consumption and introduce a fundamental change into society.

I said too that the introduction of Social Credit would not only be the most easy and effective first step that you could take, but also the most expedient. I think I can go farther than that and say that you would find it absolutely necessary. For the threat that the Capitalist parties are already holding over you is not that production will fail as soon as you step into power, but that credit will collapse. You yourselves have admitted that this will happen, and from your admission it surely follows that the first question to which you must devote yourselves is the question of credit, or in other words the third term in the formula of Socialism. It is this question which Major Douglas has studied more profoundly and fruitfully than any other man living ; and I seriously urge that his theory of Social Credit can be of very real use to you ; more, that it is the only thing that can save you when you find yourself confronted with your real problem, that of changing society—the only thing, in other words, that will make it possible for you to initiate the change at all, except by violence.

For it is not the factories and the machinery that will disappear when you step into power ; it is that invisible agency which alone can give you the power to make use of them. Whatever your theory of society may be, and whatever programme you may set about carrying out, nothing is more certain than this : that the first problem you will have to deal with is the problem of credit ; for if you do not deal with it, it will destroy you. I say again, therefore, that you should very carefully study the theories of Major Douglas. It is not enough to nationalize the banks, as I believe you intend to do, for that would not in itself effectively *socialize* credit : and the real importance of the Douglas Scheme is that it is the only existing scheme for *socializing* credit.

I have said that the introduction of Social Credit would be the easiest first step for you to take when you come into power. But I do not mean by that that it would be easy, for the opposition you will have to face is the strongest single opposition that exists. For this reason I do not believe, like some of my colleagues, that the class struggle is outmoded or unnecessary, and when I said, a few pages ago, that I did not think very much of it *in its present form* as an effective instrument for changing society, that did not mean that I deny its validity ; indeed there is nothing that seems more necessary and unavoidable to me. It is because I recognize this that I insist that Social Credit should become part of the Socialist development and should be acknowledged as part of it. The Socialist and Communist parties, the Labour Party and the Trade Unions form the actual instrument for bringing about the necessary change in society, an instrument created by historic necessity and applied reason ; and

without that instrument it seems to me inconceivable that the change can ever be brought about at all. But that instrument has with time got somewhat out of date ; for it was fashioned in a period of industrial capital and it now exists almost unchanged in a period of financial capital. It is a good thing that it has continued to exist, for otherwise we should have no instrument to deal with financial capital at all ; for Social Credit is not an instrument, it is only an idea which requires an instrument to realize itself. At the same time it is an idea which is necessary to you, if you are to use your instrument for the right end, that is to deal with Capitalism at its present stage, not at the stage which it had reached thirty years ago. As things stand, you deny that you have any need of the theory of Social Credit, and some of the supporters of Social Credit deny that they have any need of you. I have already tried briefly to deal with the first supposition. As for the second one, I do not think that it requires much serious refutation. If financial credit is the most formidable single power in existence to-day, surely it is obvious that it cannot be defeated without a hard struggle, and for a hard struggle you need a powerful organized body. For some reason certain Douglasites seem to think that the fact that the present state of society is a state of potential plenty completely changes the situation, and does away with the necessity for the class struggle, which they assume is based on a hypothesis of scarcity. I cannot see that the fact of potential plenty makes much difference to the position. Only a simple step may seem to lie between our scarcity and abundance, but for a simple step sometimes heaven and earth have to be moved. Those who believe that the accomplishment of

Social Credit can be easy are suffering under a quite elementary error, the same error that Shaw acknowledges he made in the early days of the Fabian Society, when on being asked how long he would take to establish Socialism he airily replied : " A fortnight." The transition to Social Credit would, I admit, be easy once any party had reached the point of accomplishing it ; but to reach that point is bound to be a task of indescribable difficulty, and it will require all the strength of a powerful and organized party.

Having admitted all this, however, I wish to say now that I think it could be accomplished peacefully and constitutionally, and that, once it was accepted, it would make the further changes necessary for the full achievement of Socialism fairly easy and certainly peaceful and constitutional. I hinted before at the difficulties you might have in taking over the land and the factories under present conditions ; but it would patently be a far more easy business to do that in a society where credit belonged to the community than in one where it is in private hands. I began this letter by saying that the really important question now is not to change society but how the change is to be made. I have tried to outline briefly a means by which the change can be initiated with the least dislocation, and with a fair chance of avoiding violence and thus of conserving all the many goods of civilization that violence is almost certain to destroy. If you agree with me so far, then everything else depends on whether you consider the Douglas theory to be true or false. I appeal to you to give that theory the most exhaustive and unbiassed examination that you can.

As for the " how soon," I have said nothing about that

at all, though that is the question which has been most urgently present to me, as it must have been to you, while I have been writing this letter. Like everybody else we have been living for years now in fear of another war, and as I write these lines it is possible that a war has actually begun. A war might possibly end, after destruction which we cannot foresee, by providing an opportunity for those who wish to change society with violence an enterprise which may be successful or unsuccessful, but which will in any case cause further destruction, if there is anything more left to be destroyed. But not only do we live in perpetual fear of war : we know also that the present constitution of society, if it is allowed to go on existing, is bound to produce war, and war after war. It may be that the time for peaceful change is past, and that the opportunity has been missed. But none of us can afford to make that assumption ; we are bound to base our action on reason and humanity. I have offered you a line of policy which seems to me reasonable and humane ; it is for you to decide whether or not you can accept it.

Yours sincerely,

EDWIN MUIR.

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P.S. I have confined myself in this letter to pleading for a consideration of Social Credit by you and your party, and to pointing out the indispensable uses it would serve as a technique of peaceful change. If you wish to study the Douglas Theory there is ample material for you to go on : the best exposition of all being naturally

that of Major Douglas himself. *What is this Social Credit?* by A. L. Gibson, a sixpenny pamphlet, is an admirable introduction to the theory, and you will find on the cover of this letter a list of all the books that are necessary to an understanding of the subject.

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