

Dhananjayrao Gadgil Library



GIPE-PUNE-009314

BOOKS BY EIMAR O'DUFFY

THE WASTED ISLAND

KING GOSHAWK AND THE BIRDS

**THE SPACIOUS ADVENTURES OF THE MAN
IN THE STREET**

EIMAR O'DUFFY

LIFE AND MONEY

*Being a Critical Examination of the Principles and Practice
of Orthodox Economics*

and

*A Practical Scheme for Remedying the Present
Industrial and Financial Chaos*

PUTNAM

LONDON & NEW YORK

First published January 1932

X6106Y.1
G2.

9314

Printed in Great Britain by
UNWIN BROTHERS LIMITED, LONDON AND WOKING

I DEDICATE THIS BOOK TO
MY CHILDREN
BRIAN AND ROSALIND O'DUFFY
WHO ACCORDING TO ALL THE LAWS OF
ORTHODOX ECONOMICS
SHOULD NEVER HAVE BEEN BORN

INTRODUCTION

A FEW years ago I published a fantasy entitled *The Spacious Adventures of the Man in the Street*, which included a satiric presentment of modern economic ideas. That criticism was, so far as I was aware, original; and it was new to the public because its first presenter was never listened to. In my book it received equally little attention, being either ignored, or lightly enjoyed as a specimen of Irish dialectical fun. A friend of mine, however—Mr. Cyril Rock, of London—took me seriously, and proceeded to work out a scheme by which the defects which I had indicated could be put right, and the economic machine made to function properly.

That scheme we now present to the public. It does not involve the creation of a new economic machine. Still less does it involve the creation of a new social order. We are not, like the Socialists, concerned with rights or wrongs, or with questions of ownership. We accept human nature as it is, and do not propose that mankind should alter the bent of its mind, or the direction of its activities, or dispense with the ordinary incentives (unworthy as they are, in my opinion) that are the motives of its efforts at present. We do not propose, in short, to create a new heaven and a new earth. Our intention is merely to show that the economic troubles from which the world is suffering at present are due to a miscalculation in economic science, which is partly due to misapprehension of an economic fact or of its implications, and partly to a

LIFE AND MONEY

mistaken concept in ethics. We have crystallised our view in a phrase, as follows:

‘The economic troubles of the world are occasioned by the fact that a monetary system which originated at a time when the demand for goods was greater than the supply, and when competition between man and man was inevitable, is still in use at a time when the supply of goods is greater than the demand, and competition is giving place to co-operation.’

Our proposal, then, is to adapt the monetary system to the new conditions, and we believe that thereby poverty and its attendant evils will be automatically and progressively ameliorated, and finally abolished. The construction of the practical scheme necessary to accomplish this has been almost entirely the work of Mr. Rock; my own contribution having been to play the part of ‘devil’s advocate’, picking holes and finding flaws for him to set right. Indeed, the bulk of Part II of this book has come almost unaltered from his pen.

E. O’D.

LONDON,
December 1931

CONTENTS

PART I

THE ECONOMIC MUDDLE

	PAGE
THE DILEMMA OF UNEMPLOYMENT	15
THINKING IT OUT	19
THE DOLE, AND ITS SIGNIFICANCE	22
SIR JOSIAH STAMP'S FIGURES	27
MONEY AND GOODS	29
DON'T WORRY ABOUT THE RICH	33
MACHINERY THE CAUSE OF UNEMPLOYMENT	35
ARE WE, THEN, TO ABOLISH MACHINERY?	36
THE PHILOSOPHY OF SISYPHISM	37
UNEMPLOYMENT AND THE WAR	43
THE ECONOMICS OF WASTE	44
THE SAVINGS FALLACY	52
WORK AND WEALTH	54
THE LIBERAL UNEMPLOYMENT SCHEME	57
PROTECTION	58
FREE TRADE IS NOT ENOUGH	60
BUY BRITISH GOODS!	62
SOCIALISM	62
THE PARADOX OF VALUES	66
THE CULT OF PROCRUSTES	67
THE NEO-MALTHUSIAN FALLACY	73
POPULATION AND UNEMPLOYMENT	75
UNEMPLOYMENT IS NOT THE TROUBLE	78
FIRST PRINCIPLES	79
THE REMEDY	81
WHERE IS THE MONEY TO COME FROM?	82

LIFE AND MONEY

	PAGE
THE GOLDEN TETHER	82
BUT DOESN'T THAT MEAN INFLATION?	84
DISTRIBUTING THE PRODUCT	88
THE OLD, OLD PLAINT	90
WON'T THIS PLAN ABOLISH COMPETITION?	92
PRODUCERS' CREDITS	92
HOW WILL IT WORK?	93
TOWARDS UTOPIA	96
THE ALTERNATIVE	97

PART II

THE WAY OUT

WHAT IS MONEY?	101
FEATURES OF THE NEW CURRENCY	103
THE SCHEME IN BRIEF	104
THE SCHEME IN DETAIL	106
A MODEL COMMUNITY	116
THE CIRCULATION OF THE CURRENCY	119
REVOCABILITY THE STRENGTH OF THE NEW CURRENCY	122
WHAT ABOUT FOREIGN TRADE?	126
THE BALANCE OF TRADE	128
BUYING IN THE WORLD MARKET	129
THE PRICE LEVEL	132
PROFITS AND PRICES	133
THE LEISURE STATE	137
BANKING UNDER THE NEW SYSTEM	147
SAVING UNDER THE NEW SYSTEM	153
THE FINANCING OF NEW UNDERTAKINGS	160
SOME EXAMPLES OF TRANSACTIONS IN TERMS OF THE NEW CURRENCY	163
ONE WORD MORE	173

CONTENTS

PART III

SUPPLEMENTARY NOTES

	PAGE
THIS IS AN AGE OF PLENTY	179
MR. COX'S GREAT DISCOVERY	185
MR. WELLS HOT ON THE TRAIL	185
THE WAR—AND A SPOT OF GOODWILL	187
PROCRUSTES <i>IN PURIS NATURALIBUS</i>	188
PROCRUSTES HAS HIS WAY	189
MECHANOPHOBIA	190
LORD BIRKENHEAD ON THE HORRORS OF PLENTY	193
PAYING FOR PROGRESS	195
HUMANITY AND EFFICIENCY	196
MR. KEYNES ON SAVING AND INVESTMENT	197
BIRTH CONTROL AND WAGES	201
THE LOGICAL END OF CONTRACEPTION	203
THE FLIGHT FROM FREE TRADE	204
EMIGRATION	205
A WORD TO SOCIALISTS	206
'PLAYING ABOUT WITH THE CURRENCY'	210
HOW THE BANKERS PLAY ABOUT WITH THE CURRENCY	211
MR. KEYNES AND THE CURRENCY CRANKS	214
'THE DEVIL CAN QUOTE SCRIPTURE TO HIS PURPOSE'	219
WHAT THE ORTHODOX ARE COMING TO	221
'WE MUST ALL PULL TOGETHER'	222
FREEDOM	222

EPILOGUE

THE DEATH-RATTLE OF COMPETITIVE CIVILISATION	223
--	-----