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The

ECONOMIC MECHANISM OF SCRIPTURE

THIS book is the first to make a serious and authoritative analysis of the monetary and economic mechanism of Scripture. Likewise, of its relationship to the World Crises, in the past and present. Part 1 deals with the ancient period ending with the Apostles, and in Chapter IX there is a summary of the monetary and economic system rejected by Israel. Part 2 deals with the modern period, and in the final chapter there is a summary of the reforms that would be necessary before the world could be cured of its present difficulties. The similarity of both summaries is remarkable; and though many centuries intervene between the two periods, the theme is in no way broken thereby. All of which goes to prove that the root causes of the world's present difficulties are an inheritance from the past, and that in the interval there has been no change of heart.

The

ECONOMIC MECHANISM OF SCRIPTURE

THE CURE FOR THE WORLD CRISES

by

J. TAYLOR PEDDIE

LONDON
WILLIAMS & NORGATE LTD
28 LITTLE RUSSELL STREET

First Printed in Great Britain 1934

"Can two walk together, except they be agreed? . . . Surely the Lord God will do nothing, but he revealeth his secret unto his servants the prophets."
(Amos iii. 3, 7.)

"Except the Lord build the house, they labour in vain that build it."
(Psa. cxxvii. 1.)

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PREFACE

In writing this book I have set out to demonstrate that the causes which have produced the present world depression are an inheritance from the past, and that they come within the category of evils to which copious references are made in the Law and the Prophets, and which brought about the dispersion of Israel and Judah to the nations. I have endeavoured to give Christian Economic Philosophy a new outlook, and to challenge existing political, economic, philosophic, and religious thought.

The book is divided into two parts. Part I deals with the ancient period to the end of the Apostles, and Part II with the modern period, in which is included a review of President Roosevelt's great experiment, and though many centuries intervene between the two periods the theme is in no way broken thereby. Those who do not believe in Scripture, or in the application of religion to everyday practical business affairs, may change their views if they compare Part II with Part I. The theme opens at Chapter I, and then at Chapter II it is taken back to Genesis and from there it is gradually brought forward again through Biblical History and Greek philosophy to the present time. The connecting link between the two periods will be found in Chapter VII. It is contained in the varying ratios of the bi-metallic standard.

As a preliminary it has been necessary to prove that Faith has two aspects—material and spiritual—and that the material aspect is not subordinate to the spiritual, nor the spiritual to the material, for the simple reason

that both are embraced in one concept. All comes from the hand of God and is for our good. God manifests Himself in matter, and in flesh. All matter has life until it dies, when it ceases to be matter: it is then of no consequence, or as some would say 'it is no matter.' Dead matter returns to dust because it has lost the chemical combination which kept it in its material form. But when God created man He made him after His own image by giving him a soul and a spirit, which placed man above all mineral, vegetable, and animal life. Man was in fact given dominion over the fulness of the earth, an equitable distribution of which promotes life and happiness, and this part of the theme begins at Chapter II.

The next step is to prove that there is a definite line of demarcation between good and evil, and that this line, which is the measure of value, can alone prevent excess and defect from arising and dominating human activity.

It is then necessary to prove that Israel and Judah were dispersed to the World for failing to provide a measure of value in accordance with the Key-Commandment stated in Deuteronomy xxv. 15, 16, and a currency system to conform thereto. Confirmation of this is to be found in Amos viii, which contains the summary of Jehovah's full case against Israel. This evidence is conclusive, and it becomes all the more interesting when it is related to yet another important discovery, namely —That Aristotle has stated in his work *Ethics*, confirmed in his work *Politics and Economics*, that it would be impossible to eliminate excess and defect (he that takes too much of the 'goods' and offers too little) from economic systems without the employment of a true measure of value. His definition of what a measure of value should be is not only a revelation, bearing in mind what modern economists have taught us on this subject, but it also helps us, in view of the close proximity of Greece to what is now known as Palestine, and of the

periods of time, to understand more clearly the true meaning of Amos viii. In a subsequent chapter in Part II there follows a definition of the meaning of wealth, and an outline of the steps that we shall require to take if we are to establish a measure of value in order to comply with the Key-Commandment.

My study of Monetary Science began twenty-three years ago, but my study of Scripture, I regret to say, began seriously only two years ago. From the latter I have gained a deeper insight into the monetary and economic problems that now await solution. I was told in my younger days that the Economic Laws of God were formulated for a primitive people, and that they were of no practical value for present-day purposes. In view of this I was naturally astonished to find that the monetary laws necessary to cure the world of its ills were fully outlined in the Law and the Prophets, and that the promises which God made to Israel could have been realised in full measure had His Laws, Statutes, and Commandments been obeyed. I will go further and say that God's promises could be realised in full measure to-day if His Law were made effective, and my reasons for saying so are fully stated in the pages which follow. This will be comforting news to all who believe in God, whatever their creed may be, and especially to all who profess the Christian Faith. Christianity can no longer be challenged as being impracticable from a material point of view.

In Chapter IX I have included a summary of the economic system which God sought to establish in Israel, and this will come as a surprise and revelation to many. The summary is conclusively proved by the appropriate references, and by the preliminary argument in the previous chapters. In Chapter IX there will also be found God's definition of wealth, and His declaration that He alone is the Provider of wealth. The definite

economic system outlined in this chapter, and which Israel and Judah rejected, should be compared with that which gradually unfolds itself in Part II. It will be an interesting study.

God is no mere tribal God as so many imagine. He is the Spirit and the Power which resides within us and which keeps calling to us all the while. The spirit of good is in perpetual conflict with the spirit of evil, and the good must win in the end. God is thus All Powerful. As Christ has said, 'The Kingdom of God is within you.' It is not 'Lo here! Lo there!' Israel rejected the Kingship of God in favour of an earthly one, because she desired all the pomp, circumstance, and licentiousness which the earthly one could give, and which Solomon and the later kings eventually accorded them; hence the sordid materialism which is now with the World, and the conflict of national interests. The Spirit and the Power is still the only influence which can bind men together and eliminate strife. Great progress has indeed been made since ancient times. Science and morals have improved, and after its terrible experiences mankind is no doubt in a more responsive mood; but the same root causes remain.

In the development of the general theme I have endeavoured to prove that materialism has three forms: (*a*) that relating to Physics proper, which man cannot control or vary though he may treat Physics as a science with a view to gaining an insight into the wisdom and knowledge of God; (*b*) sordid materialism, or the sphere of evil, which embodies the excess and defect that arise from a breach of the Key-Commandment, and which is considered to be the product of the carnal mind; and (*c*) righteous materialism, or the sphere of good, which arises from an obedience to the Commandments of God, and which throughout the Law and the Prophets is

termed 'righteousness.' Stability, or equality, is here the key-note.

God foresaw the evil consequences that would arise from the pursuit of sordid materialism, and because of this He became the Jehovah of Israel and gave her His Laws, Statutes, and Commandments, with the intention that she should become the exemplary and servant nation in world civilisation. The failure of the governors and merchants of Israel to provide the Measure of Value brought about the dispersion of Israel to the World for a time, but it is clearly emphasised that in the latter days she is to be restored, and that in those days God will write His Laws, Statutes, and Commandments in the hearts and minds of men. This is certainly the outstanding message of the Law and the Prophets. The Levites and the priests were not to share in the inheritance of Israel, but they were to be supported by her. They were to teach the Law.

Chapter XIV deals with the restoration of Israel, and one point submitted for consideration is whether Democracy has been a success or failure. History has clearly proved that Democracy has been a failure simply because it can never rise above itself, and the vested interests or carnal minds take advantage of this defect. In politics there is no settled economic conception within which all may strive to attain and maintain the maximum of good. The lack of this conception leads to dictatorships of the right or the left. Democracy needs the autocracy of wisdom and the genius of leadership to lead it towards the sphere of good, and where merit and restraint exist it would certainly follow. But there is only one true economic system or sphere of good. And it is not to be found within any of the existing political systems or parties. The true system is the one to be found within the Laws, Statutes, and Commandments of God, and 'the commandments of

God are not grievous.' The World will be unable to cure its economic and political difficulties until it realises this fact.

In various addresses which I gave before the World Economic Conference began its proceedings, I mentioned that the Conference was bound to fail because it proposed to try and find a cure for the world depression based on limitations of production, quotas, and bi-lateral agreements, which merely introduced trade rigidities into the world economic system, and which could only succeed at the expense of the wage-earning classes. It was quite evident that the main objective which the Conference had in view was the raising of prices within the limited effective purchasing power available in the world, financial credit according to my thesis not being effective purchasing power. The proper basis of discussion should have been—In what way can we bring about a wider and more equitable distribution of wealth to the end that there should be no destitution and poverty in the World? The answer to this question will be found in Chapter XV.

It should be noted in Chapters V and VI that Aristotle's economic philosophy pursues a similar line of reasoning which is not without significance. Aristotle endeavoured to prove, and I think successfully, that it was necessary to establish a line between the extremes of injustice, to be termed the equal or mean (positioned equidistant from the two extremes) so as to prevent those who had the power from taking too much of the 'goods' of this life and offering too little. This applies to nations as well as to individuals. Aristotle was also of the opinion that this line or equal was best established by providing a measure of value, because excess or defect arose from the fact that all men were inclined to take more of the 'goods' of this life than they were entitled to, without giving any consideration to those who were less for-

tunately placed. This Gentile mode of philosophic thought conforms very much to Scriptural Law as I interpret it in Chapters III to V, and I invite my readers to study the comparison closely. Aristotle's definition of money is amazing, if we bear in mind that he lived 384–322 before Christ.

In my treatment of the general theme, and in the development of the system, I have endeavoured to present God as He really is and as the people have longed to know Him. There can be no doubt that there are many people who would like to have proved to them that God is their friend, and not merely a spiritual Deity who stands aloof from the economic difficulties of the World, which are simply the evil consequences of sordid materialism.

Wherever the word 'money' is mentioned in verses quoted from the Old Testament it should be understood to mean gold and silver as bullion or treasure. Throughout the period covered by the Law and the Prophets (ending with Malachi) the word 'money' as we understand it to-day, or anything resembling it, was quite unknown. I have challenged several of the translated verses in Scripture, notably Genesis xxiii. 16, and Isaiah lv. 1, 2, with astonishing results, and these will be found in the chapter dealing with the 'Origin of Money.' The use of the word 'money' in the translation of the New Testament is permissible so long as it is understood to mean gold and silver coins in circulation as currency, and the reason for this is given in the chapter mentioned.

Scriptural Law teaches that evil resides within the false measure, consequently evil must emanate from it. Philosophers have been asking—What is Evil? The answer is—The evil consequences which ensue from the false measure. It may be said that the false measure is the root of all evil. St. Paul has said 'that the love

of money is the root of all evil.' The meaning is the same in both cases. From this I conclude that the line of demarcation between good and evil must necessarily be the true measure of value which the Key-Commandment (Deut. xxv. 15–16) calls for by agreement; and because of their failure to provide it, and of the evil consequences which ensued therefrom, Israel and Judah were dispersed to the nations for a time.

In discussing the world position of the Jews and their history, my object has been to bring about a reconciliation; but I have felt that before this could be made possible a frank discussion of their position and claims was necessary. As the Jews occupy an important place in Biblical History it would have been impossible to avoid discussing them, and failure to do so would have obscured the theme and made it unintelligible. The position of the Jews in world affairs is part of the general world problem which has still to be solved; but if a satisfactory settlement is to be obtained much will depend on the Jews themselves and on the concessions which they are prepared to make to world opinion. An effort at conciliation on their part would be worth while, and what they are asked to concede would not in any way disturb their historical relationship to Israel or Biblical History. Any agreement which eliminated the intolerant attitude adopted towards them by a large section of world opinion would be a gain not only to them but to the World at large. As indicated in Chapter IX, the real cure for the Jewish problem is for the Jews who are Jews to reunite with Israel, which is their spiritual home, and to conform to her spiritual life. They will then obtain a nationality, the lack of which is their main difficulty at the moment.

In Chapter XIII I deal with the law of Tithe and the attitude of the authorities of the Church of England in regard thereto. I hope churchmen will appreciate that

my business is to deal with the extremes of injustice impartially, wherever I may see them.

As regards the quotations which I have used from the works of leading authorities, I have taken the trouble to verify them. As quoted they are correct as far as can be ascertained. This care has been necessary in view of the character of the work. I make no apology for the extensive use I have made of Scriptural quotations, believing this to be necessary and desirable. They will not only supply the requisite proof, but they will also save readers the trouble of referring to their Bibles on each occasion.

The Index-Synopsis at the end of the book will give to those who are interested in any particular subject a rapid bird's-eye view of the various points involved.

Owing to the length of time I have been engaged on the work much of the matter in the first chapter will not be new to my friends, but even so I have made no alteration in order to maintain the work intact.

I shall be glad to hear from all readers who are interested and willing to co-operate in an active development of the policy which is outlined.

J. TAYLOR PEDDIE

39 VICTORIA STREET
WESTMINSTER, S.W. 1

January 15, 1934

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PART I

CHAPTER I

STARVATION AND POVERTY IN THE MIDST OF PLENTY

THE fundamental problem of to-day, both from a religious and political point of view, is the removal of destitution and poverty, and there is no reason why they should be regarded as an inevitable part of our civilisation. Within the true monetary system, and there is only one, it would be just as easy—if not easier—to make the people prosperous and happy, as it is to make them poor and miserable. But the essential reforms can be attained and made effective only through the collective action of the Nation as a whole, which action must be actuated by a desire to evolve an economic conception obedient to the Commandments of God, and not to the commandments of men. And as St. John has said: "The commandments of God are not grievous." We should find this to be so if we incorporated the Key-Commandment which reads as follows:

"Thou shalt have a perfect and just weight, a perfect and just measure shalt thou have: that thy days may be lengthened in the land which the Lord thy God giveth thee." (Deut. xxv. 15.)

From my research work in the Law and the Prophets I have been forced to the conclusion, even though I approached the work with a critical turn of mind, that both the Old and New Testaments are undoubtedly divinely inspired, because, in their exposition of the Science of Money, they teach the true doctrine. And none but God could have foreshadowed at the outset the essential mechanism that would be required by man for his better government, or the inevitable consequences

that would ensue from man's refusal to accept the Key-Commandment, which was intended to be the governing factor in the monetary laws of Israel, and which is still the Key to these to-day.

Another fact to be noted in the later chapters is the remarkable consistency of the main theme which runs throughout the Law and the Prophets, that is, the deep concern which God always has for the poor, the fatherless, and the widow, and which concern also permeates the teaching of Christ and His disciples in the New Testament. It cannot but help to remove the misunderstanding and confusion which exists in the minds of men.

"For God is not the author of confusion, but of peace, as in all churches of the saints." (1 Cor. xiv. 33.)

The continuity of unemployment and the maldistribution of wealth, which cause destitution and poverty, have led people to challenge the Christian Faith and the existence of God. The destruction of Christianity in Russia, the rise of Communism and Revolutionary Socialism in other countries, are cases in point. If we starve the body we cannot hope to reason with the mind, which, because of doubt, will degenerate or become atheistic, notwithstanding our efforts to the contrary. In such circumstances the challenge to constitutional authority will become accentuated. It will certainly not grow less. There is very little use in preaching spiritual salvation to hungry men, with starving wives and children at home. It would require great fortitude and strength of mind on the part of any man, compelled to live in the midst of destitution and poverty for no justifiable reason, to maintain his faith in God. But God has foreseen all this, as may be gathered from the evidence submitted in the later chapters.

Destitution and poverty are simply the inevitable

consequences of the existing order of things, which have been created for us through Israel's refusal to recognise the Key-Commandment, and which, in our blindness, we have not seen. Our vested interests have induced us to carry on the tradition to which Christ pointedly referred. Israel's refusal to recognise the Key-Commandment has brought the World to its present state of unrest. What God intended was that Israel should adopt an invariable measure of value without which He foresaw that all weights, balances, and measures would be falsified by deceit. And, strange as it may seem, the World has never had a measure of value, for gold and silver, separately or taken together, could never be regarded as such. This fact the World has not yet realised. Without an invariable measure of value it would be impossible to stabilise all the subsidiary weights, balances, and measures, or to bring about a wide and equitable distribution of wealth, which is necessary if poverty and destitution are to be removed. From this reasoning we can begin to see what the problem is that has to be solved.

Economic science and religion should be a co-ordinated force (Government and Church should have the same objective end in view) yet to-day the former claims the right, due to the influence of vested interests, to exclude all moral and ethical considerations from the science. As I observe it, Scriptural Law embodies the true monetary science. It also states that all economic principles shall be righteously applied, but economic science as it is taught and practised to-day disputes this teaching. We are exhorted to be a righteous people, but even though the spirit may be willing, Can we act righteously to one another to the utmost of our ability, if the science of money, because of faulty construction, prevents us from doing so? Within the monetary system as it is constructed to-day there is a counteracting force of great

power operating against God's Will and Purpose, and this evil force is no new thing, because it has been operating since the days of Moses as the later evidence will prove.

In the meantime let us study a few of the material facts of the present situation. On the one hand, we have over-production, showing that nature and God's mercy have not failed us, while on the other hand we have a wide area of destitution and poverty. God has placed an abundance at the disposal of His people, but the unconsumed balance is called over-production by those who control the existing monetary system, yet there are millions of people throughout the world half-clad and half-fed, and thousands are literally dying of starvation. Was there ever such a paradoxical position? Producers unable to sell and consumers unable to buy. Willing sellers and willing buyers unable to do business because of an insufficiency in the effective means of payment, i.e. currency, and it is this insufficiency that imposes an arbitrary limitation on the barter of commodities and services.

Coffee beans are being burnt in Brazil, yet Turkey has been forced to prohibit the importation of coffee because it cannot afford to pay for it; cotton is being burnt in the Southern U.S.A., and there are also many fields of unpicked cotton which the owners cannot afford to gather. In California and elsewhere peach orchards heavy with produce are being burnt down, and vineyards with ripe clustering grapes are left untended. Groves of olive-trees are to be seen with rotting fruit, golden oranges are selling at less than cost, and wheat is being fed to cattle and also being burnt as fuel. In relation to the effective means of payment (currency) there is too much fruit and there is too much wheat. The paradox is to be found in the case of all other commodities. There is too much of everything, yet unemployment and starvation are most acute. The greater the production, the

greater the unemployment. What an absurd position this is to be sure! Lancashire and Yorkshire are producing too many cotton fabrics and woollens with resultant loss because those who need them most cannot buy. Unemployed men are simply potential customers out of work, and the ignorance here prevalent is not only national but international in character. God has provided for His people an abundance of the necessaries of life, but who, or what, is preventing a wide and equitable distribution of them? The restrictive influences are undoubtedly imposed by monetary mechanism and Government financial legislation—the latter being complementary to the former.

We now have the paradox that when prices are low —when commodities are in fact offered below their cost of production—the majority of the people are unable to buy freely. They may be in a better position to buy when prices are high, yet when prices are high they obtain less for their money. One would have thought that at the present very low level of prices the money which the people are presumed to possess would have bought more wealth, and thus made it impossible to have over-production. But no, we have extreme over-production on the one hand—or shall we say an abundance—and extreme unemployment and starvation on the other. The only consolation the people have is the tale that when prices are low the money they possess will buy more. But if the currency has been made scarcer, how can they buy more?

A few years ago our orthodox economists and bankers were saying that the way to bring about prosperity was to bring about a fall in prices and economise. This policy has been carried to such an extreme that our orthodox politicians are now advocating a restriction of production in certain classes of primary products, including beef and mutton, with a view to obtaining better

prices within the effective purchasing power available. But if this policy succeeds, it means that the poorer classes will obtain less for the limited income or wages they receive. In other words, in order to prevent the over-production, or abundance, from making the people poorer when it should make them richer, it is now suggested that the abundance should be limited, since the people cannot afford to pay its true value, that is, the costs involved in producing it. In fact, the orthodox economists, bankers, and politicians, now believe in robbing the wage-earner of part of his wages without his knowing it. Many of them now believe (as an additional aid in their effort to raise prices) in devaluating the currency without increasing wages, a process which will not only rob the wage-earner of part of his effective purchasing power, but will also produce the opposite effect to that desired, namely—prevent prices from rising proportionately to the depreciation of the currency. Even if prices could be raised in terms of the devalued currency, the wage-earners as a whole would receive no compensating advantage until wages were raised to a level that would compensate them. And when wages were so raised the wage-earners would, under the present system, be no better off than they are now.

The only basis of reform must surely be—How can we bring about a greater distribution of the wealth that is, or can be, annually produced, and which God has placed at man's disposal, to the end that there shall be no poor within our gates? How can we prevent the extremes of injustice, where vested interests take too much of the 'goods' or 'virtues' of this life and offer too little? This is the one and only proposition to be considered.

In recent years all the sciences over which man has dominion have made great progress. The one vital exception is the Science of Currency (barter) over which

man has no dominion. Sovereign power rests to-day not with the representatives of the people in the House of Commons, but with the representatives of the monetary system who recognise no laws but their own. The monetary industry is a close corporation, in the conduct of which the public have no say whatsoever. It is not operated under Government regulation, but simply at the discretion of those who operate it. Nowhere in the world is the expansion of financial credit subject to Government regulation. Monetary mechanism is the master of the people to-day, and not its servant. Before money could be made the servant of the people the currency laws would have to be regulated in such a way as would enable a scientific system of barter to be developed free from the restrictions now imposed by the financial system of banking, and the latter would in turn have to come under definite control.

Engineering science has developed machine power to a high state of perfection, resulting in large reductions in costs of production. As a consequence great constructional works are now undertaken which could not have been considered in the early part of the century because of excessive cost. Wireless messages with directional control now encircle the earth. Transport of all kinds—land, sea, and air—has been speeded up; the comfort of travel has been increased; and these combined have brought distant places considerably nearer to us. We thus see that the reduction of costs of production has made possible what would otherwise have been impossible.

But the large increase of productive power, potential and actual, and the resulting decrease in costs of production, has displaced highly skilled labour, so that we can truthfully say that the improvements which have been effected in the arts of production have not yet been fully passed on to the consuming public. This can

be achieved only through a system of barter developed on scientific lines, within which alone we can afford to shorten the working week to five days and increase wages, thus enabling more time to be devoted to recreation, the arts, and architecture.

Owing to the existing monetary system the improvements effected in the arts of production have been used, together with the savings in wages, to accentuate cut-throat competition, to make good the weight of taxation which has been added to costs of production, and to increase the purchasing power of income derived from debts; which tendencies have concealed the defects known to exist within the monetary system, thus delaying the need for reform. The economic structure should be built on a scientific system of barter which alone can provide a solid foundation.

In other words, inventions and improvements have created an age of plenty, notwithstanding the increase of population. There is more than a sufficiency for every man, woman, and child born to the world. Inventions and improvements, by reason of the increase of productive capacity, have eased the burden of labour and provided more leisure. Unfortunately, what was intended to be a blessing to men has been turned into a misfortune solely because of the defects prevalent in existing monetary systems. On the one hand there is an abundance of commodities and leisure in which to enjoy them; but on the other hand there is extreme poverty, and all our time is occupied in trying to acquire a sufficiency of the effective means of exchange for our services, which, by being contracted, is in reality withheld. No stranger paradox has ever been presented to the world. The people can have riches untold, yet they are not allowed access to them. Riches and poverty are bedfellows. Producers are able to satisfy all wants—food, clothing, houses, and utilities—but consumers are unable to satisfy all their

wants. And all due to the fact that consumers have not yet learnt that it is necessary to distinguish between the proper uses of capital and of money.

In a conversation which I had with a commission agent recently, he said that his knowledge of monetary science was not as good as it might be, but even so there were certain aspects of the financial situation to-day which sorely troubled him, and they were these: His wife had been offered linen sheets quite recently at the lowest price per pair within his recollection. But even though this was so he found himself unable to authorise his wife to purchase them. He could not understand why the linen sheets should be so dear, even though the price was at its lowest point within his recollection. The second aspect that troubled him was that he was responsible for the collection of his firm's accounts in the London area, and he found the utmost difficulty in getting these paid, yet he was satisfied that it was not the fault of the traders who owed the money because they in turn found it extremely difficult to collect money owing to them. But when he looked at the financial columns of the newspapers he found that hundreds of thousands of pounds were being over-subscribed for new Government Loans and other Gilt-edged Securities. The solution of this problem was quite beyond his understanding, but he was certain that there was something wrong somewhere. Now this business man clearly observed in his own simple way the problem that has to be solved. What he clearly saw was that there was plenty of financial credit about to finance capital transactions, but very little currency to finance consumption and production. Credit as measured by deposits has not been reduced as compared with eleven years ago, but currency has been contracted by no less than £121,300,000,[1] and it is this contraction which has

[1] To October 1931. For latest position, see tables on p. 222–3.

brought about the shortage of the effective means of payment for commercial purposes, which in turn has brought about the lowering of prices, the diminution of consumption, and the increase of unemployment.[1]

We now have the paradox that consumers live in constant fear that they cannot get enough, while producers live in constant fear that they will produce too much. It must be obvious to any impartial mind that the root cause of our economic difficulties is to be found somewhere in the mechanism between the consumer and the producer. God has placed an abundance at our disposal, yet man himself—through man-made laws—has placed impediments in the way of his own access to it.

Many people attributed our economic difficulties to the existence of a Labour Government, to over-production, to a lack of tariffs in this country, to higher tariff walls in other countries, to War Debts, and to Reparations. The real truth of the matter is that they are mainly due to one root cause, and one only—namely, a defective monetary system. The other things we speak of are merely reflex actions which arise from the root cause, and they can be adjusted—some will adjust themselves—when the main difficulty has been removed.

It is certain that the World Crises have not been brought about by over-production. But I can say that over-production has been brought about by under-consumption, which has produced the World Crises. There are millions of people in the world half-clad and half-fed, and it is making a mockery of economic science, and even of religion, to suggest that in order to maintain the competitive power of this country—or any other country—in world markets, and improve its prosperity, that the people should do with less than they are at this moment obtaining. Prosperity can only reflect itself

[1] Further deflation has taken place since, due to the devaluation of the £. See pp. 217 *et seq.*

when people obtain more, and not less. If people do with less, then demand will grow less and over-production will increase. With the prevalence of such an economic philosophy, is there any reason to be grieved at the challenge to religion and constitutional authority? Those who suffer may well question the existence of God.

At the present time the people of all nations are unnecessarily suffering extreme hardships and privations, destitution, and poverty. Nations may be extremely wealthy in terms of wealth productive power, but may be extremely poor in terms of their own currency, which is, of course, an absurdity. In their effort to balance their budgets and maintain solvency expressed in terms of a metallic currency, nations are imposing restrictions upon imports because they cannot afford to buy them in terms of such currency, though on a strictly barter system they could afford to do so. What is happening in international trade is also happening in internal trade. People are prevented from bartering the surplus wealth they possess (commodities and services) for the surplus wealth of other people. The restrictions to trade thus arbitrarily imposed by existing monetary systems prevent the barter of commodities and services, which in turn slows down the wheels of trade and increases unemployment. The bankers and the bulk of the economists are, so to speak, attempting to force the trade of the world through the eye of a needle. And it is owing to the mass of confused thinking which exists on this matter in the State of Babylonia that a kind of creeping paralysis has settled down on world trade activity.

There is an over-abundance everywhere, but nations are not allowed to exchange their exportable surpluses for the exportable surpluses of other nations in strict terms of barter. Though the world is full of wealth (there is a surplus in all nations), yet hundreds of men

are suffering the dreadful misery of being sent to jail for the non-payment of taxes and other debts. And many of our great administrators of business have committed suicide because of the difficulties attendant upon the conduct of business from a monetary point of view. It has been impossible for our industrial leaders to forecast the future course of trade with any degree of accuracy. The persistent deflationary policy which the Bank of England has pursued has upset their best-laid plans. One would have thought that the authorities would have issued a warning of their intention to deflate, so as to prevent our business leaders from falling into traps. But no, they are allowed to go ahead and fall into difficulties which, from their lack of knowledge, it is impossible to foresee. Having fallen into traps, many are accused of over-trading—as if the fault were theirs—they lose their reputations, and, owing to the severe nervous strain under which they labour, a few ultimately commit suicide. Those who are not driven thus far may find that they have committed some technical breaches of the law, and will be lucky if they escape being sent to jail. Some are already in jail. What a world of misery deflationary and inflationary monetary policies surely create! When St. Paul said that "The love of money (i.e. currency) is the root of all evil," he spoke truly. But I should amplify his remark for present-day purposes by saying that the love of money (credit) and lack of currency were the roots of all evil. Currency is the root of the credit system, and the consequential lack of it in active circulation produces evil consequences, since it gives riches to a few and poverty and destitution to many. Of one thing we can be certain, however, and it is this: If a deflationary policy did not benefit the holders of all fixed interest-bearing securities, such as Government Securities, the bankers would not tolerate it for one moment.

The legal and economic laws which inflict such punishment and torture on the people must necessarily be an offence in the eyes of God. They are quite clearly a violation of His Laws and Statutes. With a correct currency system such punishment and torture could easily be avoided and would be quite unnecessary. It would be a comparatively easy matter to bring about a more equitable distribution of wealth and an acceleration of its consumption, which alone would rid the world of the destitution and poverty that now exist on a large scale. This is demonstrated by the fact that we have a surplus abundance of commodities of all kinds—God has seen to this—which, in our ignorance, we call over-production. No one has yet complained that God has failed to make ample provision for all. If the abundance which He provides could be equitably distributed we should all be richer, more able to pay our rates and taxes, and forgive our debtors. There would be less need to borrow. There would be less need to pay high rates of interest. What a stupid lot of people we are to be sure!

A veil of obscurity has been drawn between God and His people and it is entirely their fault. It exists because Israel was, and is still, disobedient. Nevertheless, there is to-day within the hearts of the people a responsive chord ready to be attuned. The people are, so to speak, waiting to listen in, and all that is required is that the veil of obscurity should be lifted, and for this a clear interpretation of the Law and the Prophets is required, and leaders who understand. As Sir James Jeans has said, " this World is a great mathematical mind," and I agree. Most people are simply waiting to understand it better than they do. They desire to see a way out into the light.

It is as certain as anything can be that no life on this earth will ever reach to its fulness until it conforms

to God's Will and Purpose. The strife and struggle which now afflict the World will continue until the people are prepared to apply the righteous economic principles outlined by God as the basis of their economic and legal laws. In other words, until the spiritual and material aspects of life possess the same objective end. The nation must return to God, who is the beginning and the end.

CHAPTER II

GENESIS AND FAITH

"In the beginning God created the heaven and the earth.

"And God said, Let us make man in our image, after our likeness: and let them have dominion over the fish of the sea, and over the fowl of the air, and over the cattle, and over all the earth, and over every creeping thing that creepeth upon the earth. So God created man in his own image, in the image of God created he him; male and female created he them." (Gen. i. 1, 26–7.)

"The heaven, even the heavens, are the Lord's: but the earth hath he given to the children of men." (Psa. cxv. 16.)

In the beginning God created the heaven and the earth, and He provided that man should have dominion over the fulness of the earth. But does man to-day possess this dominion which God intended him to have? The answer is in the negative. In giving man dominion over the fulness of the earth He intended that all consumable wealth should be equitably distributed to the end that none should want. In Deuteronomy there are set forth the economic and currency laws by which man was to govern his daily conduct, and within which alone he was to build and mould his character. God did not create a mathematical universe and then leave man to develop civilisation on empirical lines. He realised that a positive economic mechanism was necessary, and, provided man conformed to it, and possessed the requisite faith in His supreme Wisdom, that he should obtain all the material blessings that were promised.

If one studies closely the material aspect of faith, the general theme of which flows consistently through the

Bible from Genesis to Revelation, it will be found that they are largely concerned with matters economic, that is, with the evil consequences which ensued from the refusal by Israel and Judah to adopt the Key-Commandment, to which all the Statutes and Laws were made subsidiary, and which God conceived were necessary for the more efficient conduct of government. The Key-Commandment[1] was intended to be the stabilising factor in the economic and monetary laws. It was intended to be, and is still expected to be, the regulating measure. God's chief complaint against Israel and Judah was, and is, that they made the ephah small and enlarged the shekel, thereby falsifying all weights, balances, and measures by deceit, and He objected to the oppression, extortion, and excess which arose therefrom. God conceived that it was necessary for all weights, balances, and measures to be stabilised, that is, controlled by a master-measure, in order that the poor might not be robbed within the gates, and that economic justice might be distributed in the widest possible way. His regulations were designed to the end that there should be no poverty and destitution within the gates of our economic system. When Christ said " For ye have the poor always with you " (Matt. xxvi. 11), He addressed this to the Jews who had violated the economic laws, and who had inherited the tradition from Israel and Judah. He did not mean that if we conformed to the economic Laws of God that we should always have the poor with us—quite the contrary. We may have the poor, but there are degrees of poorness. This view is confirmed in Mark xiv. 7, where Christ's statement in Matthew is amplified:

" For ye have the poor with you always, and whensoever ye will ye may do them good."

This declaration applies to all Christianity to-day. We

[1] This follows the first and second great commandments. I conceive it to be the third great commandment.

can, individually and collectively, do good to the poor whensoever we will. Man, in the widest sense of the word, was to have dominion over the earth and all that is therein, but this dominion was not to be monopolised by a privileged class. The fact that there is poverty and destitution among us is due to the refusal by the governors[1] and merchants of Israel and of Judah to recognise the Key-Commandment, which refusal they conceived, or thought, would enable them to become a privileged class, and to draw more of the wealth of the world to themselves than they would ordinarily be entitled to do. This aspect of the case will be proved as the argument develops.

"O that there were such an heart in them, that they would fear me, and keep all my commandments always, that it might be well with them, and with their children for ever! Go say to them, Get you into your tents again." (Deut. v. 29, 30.)

If the Key-Commandment had been obeyed, and not ignored by Israel and Judah (as it is by all Christians even to-day), it is a mathematical certainty that the promises made would have been realised, and that they would in fact have been the natural outcome of an obedience to the Law as a whole. The world would have been spared the many tribulations it has been, and is, going through. This is the scientific fact. Obedience to the Key-Commandment would have necessitated the provision by Israel and Judah of a measure of all values, which, of necessity, is the master-measure. It always was, and is still, wholly a question of faith on the part of Israel and Judah in God's Omnipotent Wisdom.

There are clearly two aspects of Faith—material and spiritual—and it is here that a considerable amount of misunderstanding has arisen, no doubt due to an inability

[1] This term is used in Judges v. 9–11.

on the part of the people to observe that when St. Paul and St. James defined Faith they were not doing so on precisely the same base. It is essential that I should prove unity in their points of view before proceeding to enlarge upon the economic consequences which ensued from Israel's and Judah's refusal to recognise the Key-Commandment. What I shall attempt to prove in this chapter is that belief in the works of God is as essential as belief in God Himself. That they mean one and the same thing. And that belief in both is a mental attitude which ultimately becomes a spiritual one. Christ has put the position very clearly in the following quotation:

"Think not that I am come to destroy the law, or the prophets: I am not come to destroy, but to fulfil. For verily I say unto you, Till heaven and earth pass, one jot or one tittle shall in no wise pass from the law, till all be fulfilled. Whosoever therefore shall break one of these least commandments, and shall teach men so, he shall be called the least in the kingdom of heaven: but whosoever shall do and teach them, the same shall be called great in the kingdom of heaven." (Matt. v. 17–19.)

"No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon." (Matt. vi. 24.)

"Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets. Enter ye in at the strait gate: for wide is the gate, and broad is the way, that leadeth to destruction, and many there be which go in thereat: Because strait is the gate, and narrow is the way, which leadeth unto life, and few there be that find it." (Matt vii. 12–14.)

"But seek ye first the kingdom of God, and his righteousness; and all these things shall be added unto you." (Matt. vi. 33.)

"For with what judgment ye judge, ye shall be judged: and with what measure ye mete, it shall be measured to you again." (Matt. vii. 2.)

"Thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind. This is the first and great commandment.[1] And the second is like unto it, Thou shalt love thy neighbour as thyself. On these two commandments hang all the law and the prophets." (Matt. xxii. 37–40.)

It is to be observed in Matthew v that Christ has said "one jot or tittle of the law shall in no wise pass till all be fulfilled." How many people have stopped to enquire when reading these verses what was meant by the Law and the Prophets? What is the law to which Christ refers and that will not be varied by one jot or tittle? Nothing but the material promises which will be realised when the Commandments of God are obeyed by man individually and collectively. Thus faith must have two aspects, material and spiritual. In this and succeeding chapters I shall endeavour to develop this interpretation very fully. Christ has summarised the teaching of the Law and the Prophets very simply and clearly, and in the above quotations from Matthew vii and Matthew xxii the slight but important difference in the phraseology of the following clauses should be noted:

"*For this is* the law and the prophets."

"*On these hang all* the law and the prophets."

"For this is" means that if the law, particularly the Key-Commandment, is obeyed, men can expect more, and do more, from and to one another. The law automatically provides for this greater distribution of wealth, kindness, and love—I have put them in the natural order of procedure—hence "it is the law and the prophets."

But the successful working of the law depends on the following fundamentals:

"Thou shalt love thy God with all thy heart."

"Thou shalt love thy neighbour as thyself."

[1] Compare with Deuteronomy vi. 4, 5.

On these two fundamentals hang all the Law and the Prophets. The successful working of the law depends on them. To have the power to do good, we must be prepared to do good.

Christ indicated that we must love not only our God but also our neighbour. But if our neighbour is dying of starvation and poverty while we are not—What are the possibilities of our awakening and gaining his love? They are very remote, unless we are prepared to do unto him as we would that he should do to us in like circumstances, and this God foresaw very clearly. Therefore, to those who understand, faith without works is of none effect, for belief in the Law is as essential as belief in God.

St. Paul in his epistles to the Romans and in Hebrews interprets Faith as follows:

"For if Abraham were justified by works, he hath whereof to glory; but not before God. For what saith the scripture? Abraham believed God, and it was counted unto him for righteousness. Now to him that worketh is the reward not reckoned of grace, but of debt.

"For the promise, that he should be the heir of the world, was not to Abraham, or to his seed, through the law, but through the righteousness of faith." (Rom. iv. 2–4, 13.)

"Therefore it is of faith, that it might be by grace; to the end the promise might be sure to all the seed; not to that only which is of the law, but to that also which is of the faith of Abraham; who is the father of us all; (as it is written, I have made thee a father of many nations).

"He (Abraham) staggered not at the promise of God through unbelief; but was strong in faith, giving glory to God; And being fully persuaded that, what he had promised, he was able also to perform. And therefore it was imputed to him for righteousness." (Rom. iv. 16–17, 20–2.)

It is to be observed that St. Paul bases his definition on Genesis xv. 6, while St. James bases his on Genesis xxii. 1–19, but as I have already shown the two aspects mean

one and the same thing, and this is confirmed by St. Paul as follows:

"By faith Abraham . . . looked for a city which hath foundations, whose builder and maker is God." (Heb. xi. 8, 10.)

"Do we then make void the law through faith? God forbid: yea, we establish the law." (Rom. iii. 31.)

"Let no man seek his own, but every man another's wealth. For the earth is the Lord's, and the fulness thereof." (1 Cor. x. 24, 26.)

Like St. Paul, St. James was quite clearly of the opinion that faith had a material and a spiritual aspect, and that both should have the same objective. Collective economic action is as important as individual economic action, and in many respects, particularly from the point of view of government, much more important, because there are occasions, even though the heart be willing, when it is only possible to provide for the poor and needy on an adequate scale through national collective action; and only on such occasions can we in full measure do unto others as we would that they should do to us. In the above quotation it should be noted that "By faith Abraham looked for a city which hath foundations, whose builder and maker is God," because we have here an indication that Abraham had faith in the provisions that would be made by God for its better government.

"Abraham shall surely become a great and mighty nation, and all the nations of the earth shall be blessed in him? For I know him, that he will command his children and his household after him, and they shall keep the way of the Lord, to do justice and judgment." (Gen. xviii 18, 19.)

"Ye shall walk in all the ways which the Lord your God hath commanded you, that ye may live, and that it may be well with you, and that ye may prolong your days in the land which ye shall possess." (Deut. v. 33.)

The economic blessings promised by God were obtainable if the governors and merchants of Israel had rendered judgment and mercy in accordance with His Commandments and Statutes, which they were called upon to do. The Levites were to teach and preach the virtues of the law, but this they failed to do as required. By Faith, therefore, we are called upon to seek a government whose Builder and Maker is God. If we could by collective national action increase our annual income beyond what we could do individually, then by such action we should be helping our neighbours to obtain more income, which, in turn, should enable all of us to help our neighbours more liberally when in need. The method is simple and effective.

Now let us compare the remarks of St. James with those of St. Paul:

"Hearken, my beloved brethren, Hath not God chosen the poor of this world rich in faith, and heirs of the kingdom which he hath promised to them that love him? But ye have despised the poor. Do not rich men oppress you, and draw you before the judgment seats? Do not they blaspheme that worthy name by the which you are called? If ye fulfil the royal law according to the scripture, Thou shalt love thy neighbour as thyself, ye do well:

"For he shall have judgment without mercy, that hath showed no mercy; and mercy rejoiceth against judgment.

"What doth it profit, my brethren, though a man say he hath faith, and have not works? can faith save him? If a brother or sister be naked, and destitute of daily food, and one of you say unto them, Depart in peace, be ye warmed and filled; notwithstanding ye give them not those things which are needful to the body; what doth it profit? Even so faith, if it hath not works, is dead, being alone. Yea, a man may say, Thou hast faith, and I have works: shew me thy faith without thy works, and I will shew thee my faith by my works. Thou believest that there is one God; thou doest well: the devils also believe, and tremble. But wilt thou know, O vain man, that faith without works is dead?" (Jas. ii. 5–20.)

"For where envying and strife is, there is confusion and every

evil work. But the wisdom that is from above is first pure, then peaceable, gentle, and easy to be intreated, full of mercy and good fruits, without partiality, and without hypocrisy. And the fruit of righteousness is sown in peace of them that make peace." (Jas. iii. 16–18.)

There was really no difference of opinion between St. Paul and St. James in their interpretations of Faith. St. Paul in no way suggested that the Commandments of God were superseded by spiritual faith. The seeming difference of opinion between them was due to the fact that they were dealing with a different aspect of Abraham's faith. The first was that Abraham believed in God which was accounted to him for righteousness, and the second was that he faithfully obeyed the test which God imposed on him when he was asked to offer his son Isaac, whom he loved, as a burnt offering. The two aspects of faith are thus belief in the works and wisdom of God, and obedience to His Commandments. The first of these is material, and the second spiritual.

Confirmation of this view is to be found in Christ's sayings as follows:

"Not every one that saith unto me, Lord, Lord, shall enter into the kingdom of heaven; but he that doeth the will of my Father which is in heaven. Many will say to me in that day, Lord, Lord, have we not prophesied in thy name? and in thy name have cast out devils? and in thy name done many wonderful works? And then will I profess unto them, I never knew you: depart from me, ye that work iniquity. Therefore whosoever heareth these sayings of mine, and doeth them, I will liken him unto a wise man, which built his house upon a rock." (Matt. vii. 21–4.)

"Who then is a faithful and wise servant, whom his lord hath made ruler over his household, to give them meat in due season? Blessed is that servant, whom his lord when he cometh shall find so doing." (Matt. xxiv. 45–6.)

In the foregoing quotation we have an example of faith with works for which the servant will be blessed. The following is somewhat similar:

"But what think ye? A certain man had two sons; and he came to the first, and said, Son, go work to day in my vineyard. He answered and said, I will not: but afterward he repented, and went. And he came to the second, and said likewise. And he answered and said, I go, sir: and he went not. Whether of them twain did the will of his father? They say unto him, The first. Jesus saith unto them, Verily I say unto you, That the publicans and the harlots go into the kingdom of God before you." (Matt. xxi. 28–31.)

In the quotation above from Matthew vii. 21–4, and in the following quotation, we have a condemnation of those who profess faith inwardly but not outwardly; who desire not only to retain the comfort derivable from their inward faith, but also the profit of sordid materialism: who prefer to ignore the evil consequences of sordid materialism and their existence: who support man-made laws, which rob the poor and devour widows' houses: who love greetings in the market-places, and for a show make long prayers: who would have the poor believe that God's religion is wholly a spiritual belief; and that the robbery, extortion, and excess which take place in everyday life is unavoidable because material existence can in no way be related to the spiritual. There are such false scribes and Pharisees among us to-day:

"Beware of the scribes, which desire to walk in long robes, and love greetings in the markets, and the highest seats in the synagogues, and the chief rooms at feasts; Which devour widows' houses, and for a shew make long prayers: the same shall receive greater damnation." (Luke xx. 46–7.)

"Therefore say I unto you, The Kingdom of God shall be taken from you, and given to a nation bringing forth the fruits thereof." (Matt. xxi. 43.)

The Churches as a whole do not support the view that there are two aspects of faith, although the New Testament clearly teaches that the Kingdom of God, which is the Sphere of Good, is material, and that the Kingdom of Heaven is Spiritual. Note what Christ

has said above, " The Kingdom of God shall be taken from you, and given unto a nation bringing forth the fruits thereof." How then can the fruits be brought forth except through governmental legislation based on the Commandments of God? The Churches are supported in their attitude by the orthodox economists who say, " There is no room for moral sentiment in economics." So that between the various groups God's objective policy has become obscured. We still have our false scribes and Pharisees who preach the doctrine of men.

" For the priest's lips should keep knowledge, and they should seek the law at his (Levi's) mouth: for he is the messenger of the Lord of Hosts." (Mal. ii. 7.)

" Awake to righteousness, and sin not; for some have not the knowledge of God: I speak this to your shame." (1 Cor. xv. 34.)[1]

In order to support the view that faith has but one aspect—namely, the spiritual—it cannot be said that there is no life in matter, and upon this erroneous conclusion claim that the body, like an inanimate wheel or bar of steel, should never be weary. Nor can it be said that the body is only tired or fatigued because the human mind thinks it is so. We cannot dispute the fact that an individual's mind controls the activities of his body, but it is equally a fact that the body can be fatigued independently of the mind, and that it will grow lean or fat in accordance with its natural disposition and the amount of food that is eaten. Engineers can prove that machinery, and the bearings of machinery, have to be oiled in order to eliminate, or lessen, friction, strain, wear, and tear. And so must it be with the body and individual mind. Christ has said, " Come unto me all ye that are weary and heavy laden, and I will give you rest." This declaration does not deny the principle

[1] See also Hosea iv. 6–7, on pp. 141–2.

that matter has life, that the body can be wearied and heavy ladened, and that all that comes from the hand of God is Holy.

We know that when troops get fatigued after a long route march that it is due to bodily exertion and to the weight of the equipment which has to be carried. There is no strain on the mind involved beyond the knowledge that for the time being the muscles of the body have been called upon to perform services beyond the ordinary, and that the growth of these muscles is due to the exercise of, and to the life inherent in, the body. Likewise, the mind's power of reasoning can be weakened or fatigued by too much concentration. When the material body is without life it dies and returns to dust, which is again reabsorbed by the earth and given life as matter.

A man's spirit cannot be greater than his body, both of which are part of one concept. A jar cannot hold more liquid than that for which it is designed. Similarly, God made the heavens and the Earth *and all that is therein.* The latter is contained within the former. Man has been given dominion over the fulness of the Earth (all living substance) and if he deals with it in accordance with God's Will he shall have prosperity. But man has no control over what lies beyond the Earth; he should be content to try and understand Revealed Truth, that is, whatever God has deemed to be sufficient for him to know. When I reason that I cannot live unless I eat the essential foods (living substance) so that I may make blood to enrich my body, life, and health, I can only conclude that as all comes from the hand of God that life must reside within matter. And that if I refuse to eat food in order to keep my mortal body in health, that it must die and lose its soul and spirit.[1]

[1] See also footnote p. 35.

"Every moving thing that liveth shall be meat for you; even as the green herb have I given you all things. But flesh with the life thereof, which is the blood thereof, shall ye not eat. And surely your blood of your lives will I require; . . . at the hand of every man's brother will I require the life of man." (Gen. ix. 3–5.)

Hence the reason, as I conceive it, for the Law of God which demands a wide and equitable distribution of wealth to the end that there shall be no poor within our gates, so that health and happiness, peace and prosperity, and a cultivation of the right spirit may be promoted. These are the only virtues that can exist within the sphere of good, and it should be emphasised that no trace of evil can be found in reality. Evil resides solely within, and emanates from, those spheres of activity which man himself directly controls. 'Sufficient for the day is the evil thereof.' Man's province is to deal with the matter which is within his knowledge and comprehension, and which lies to hand.

The greatest care should be taken to avoid confusing the spirit of man with the Spirit of God, who gives His Spirit only to those who believe in Him and walk in His ways. Then only do we become one with God. I have simply confined my argument to those matters over which man has been given dominion. We know that wherever the Mind of God is, there must His Spirit be also, for God is Universal in Mind and in Spirit.[1]

"Now faith is the substance of things hoped for, the evidence of things not seen. For by it the elders obtained a good report. Through faith we understand that the worlds were framed by the word of God, so that things which are seen were not made of things which do appear." (Heb. xi. 1–3.)

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[1] All things which exist were first conceived in mind. The conceptions of to-day are the realities of to-morrow. All planning is a process of mind. See also last paragraph of p. 28, and compare the following: "And without controversy great is the mystery of godliness: God was manifest in the flesh, justified in the Spirit." (1 Tim. iii. 16.) Also Heb. xi. 1–3, above.

If 'things which are seen were not made of things which do appear,' we have here an explanation of many things which now puzzle humanity. Great are the mysteries of God. And there is another aspect of this question to be considered. The knowledge of mathematics and chemistry alone required to create 'all things which are seen' was stupendous, and even to-day, notwithstanding the great advance of mathematical and chemical science, man cannot say that he has mastered time and space and all that is therein; and he has but a faint notion of the end of time, or latter days, beyond what is declared in the Scriptures.

That the Universe is a Mathematical Mind may be proved in the following:

"Who hath measured the waters in the hollow of his hand, and meted out heaven with the span, and comprehended the dust of the earth in a measure, and weighed the mountains in scales, and the hills in a balance?

"Who hath directed the Spirit of the Lord, or being his counsellor hath taught him? With whom took he counsel, and who instructed him, and taught him in the path of judgment, and taught him knowledge, and shewed to him the way of understanding? Behold, the nations are counted as the small dust of the balance. All nations before him are as nothing; and they are counted to him less than nothing, and vanity." (Isa. xl. 12–17.)

Thus, as Dr. Scofield rightly states, 'The essence of faith consists in receiving what God has revealed,' and this certainly covers all that relates to our material and spiritual existence, 'looking unto Jesus, the Author and Finisher of our faith.' (Heb. xii. 2.) We should note here that St. Paul declares Our Lord Jesus to be the Finisher of our faith, which Jesus confirms in the following:

"For this is my blood of the new testament, which is shed for many for the remission of sins." (Matt. xxvi. 28.)

"But I have a greater witness than that of John: for the works which the Father hath given me to finish, the same works that I do, bear witness of me, that the Father hath sent me." (John v. 36.)

"These things I have spoken unto you, that in me ye might have peace. In the world ye shall have tribulation: but be of good cheer; I have overcome the world." (John xvi. 33.)

Christ came to complete God's design of the world, so to speak.

The material aspect of Faith was aptly summarised by St. Paul when he said: "Let no man seek his own, but every man another's wealth." The only inference to be drawn from this must be that an equitable distribution of wealth would promote life and happiness. Everything made by the hand of God was made for a purpose. The earth and all that is therein was made for a purpose.

"And every living substance that I have made will I destroy from off the face of the earth." (Gen. vii. 4.)

"For the imagination of man's heart is evil from his youth; neither will I smite any more every thing living, as I have done." (Gen. viii. 21.)

How then can one say that there is no life in matter? To declare this is to say in effect that God had no purpose in all that He did, and that He can have no interest in man's sufferings from the evil consequences of sordid materialism. This line of thought certainly has no support in Scriptural teaching.

In the following quotations St. Paul again clearly indicates that the body retains mind and spirit while it retains life:

"Know ye not that ye are the temple of God, and that the Spirit of God dwelleth in you? If any man defile the temple of God, him shall God destroy; for the temple of God is holy, which temple ye are." (1 Cor. iii. 16, 17.)

"What? know ye not that your body is the temple of the Holy Ghost which is in you, which ye have of God, and ye are not your own? For ye are bought with a price: therefore glorify God in your body, and in your spirit, which are God's." (1 Cor. vi. 19–20.)

"If the whole body were an eye, where were the hearing? If the whole were hearing, where were the smelling? But now hath God set the members every one of them in the body, as it hath pleased him." (1 Cor. xii. 17, 18.)

The body is the temple of the Holy Ghost which is separate from the spirit. The spirit can be good or evil, and while the spirit is within us the material members of the body, which derive nourishment from the blood stream, have life.

The body has been given life apart from soul and spirit. The mind and body are controlled by the spirit of good or evil, and when the control is with the spirit of good, it begets the Holy Ghost. We then grow after the image of God, that is, we become God-like by attaining to a state of existence—material and spiritual—as near to perfection as possible.

"Furthermore we have had fathers of our flesh which corrected us, and we gave them reverence: shall we not much rather be in subjection unto the Father of spirits, and live?" (Heb. xii. 9.)

It will be observed that St. Paul indicates 'that God is the Father of spirits' which is plural and not singular. Thus mortal men have individual spirits which are not all of the same degree or quality. But every man is free to reach the highest state of perfection attainable, which is God, and to this end the poor and the rich have equal opportunity.

Individually we have full control over our minds, and what really matters is what we think and do. What God requires from each of us is not only belief in Him, but also obedience to His Will and Purpose; and this can best be rendered by obeying His Laws, Statutes, and Commandments, and through our faith in them rendering unto God those things that are God's. God never compels us, and in this He is wise. The voluntary attunement of our minds to His brings about the perfect contact. We may liken His Mind to a great wireless system.

As St. James has said: "For as the body without spirit is dead, so faith without works is dead also."

From this one must conclude that there is an inward and an outward expression of faith, and that if the outward expression is inoperative, the inward will also become inoperative. If we are to live a full life in wealth, kindness, and love a definite fixed relationship must be established between the two aspects of faith, which unity, when established, is the totality of religion.

"Beloved, believe not every spirit, but try the spirits whether they are of God: because many false prophets are gone out into the world. Hereby know ye the Spirit of God: Every spirit that confesseth that Jesus Christ is come in the flesh is of God: And every spirit that confesseth not that Jesus Christ is come in the flesh is not of God: and this is that spirit of antichrist, whereof ye have heard that it should come; and even now is already in the world. Ye are of God, little children, and have overcome them: because greater is He that is in you, than he that is in the world." (1 John iv. 1–4.)

"For this is the love of God, that we keep his commandments: and his commandments are not grievous." (1 John v. 3.)

Here again it will be observed that St. John uses the word 'spirits' in the plural sense, and that he also refers to the spirit of anti-Christ. And there can be no question that the advantages to be derived from obedience to God's Commandments are infinitely greater than any that are conceivable from the laws of men. For this reason God's Commandments are not grievous, nor can they be.

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The soul is the ethereal or resurrection body, and is not the same thing as the spirit, which is the will and mind. We talk of a friendly or willing spirit. Spirit is that part of the constitution of man which has instinct, intuitive knowledge, understanding, and that is capable of acquiring knowledge. The mind is the store-house of experience and acquired knowledge, and of those impressions which reason dictates or the eyes see. Comparative impressions induce instinct, fear, confidence,

and intuitive knowledge. They are the beginnings of our education and understanding. The combination of will and mind enables us to reason with ourselves or with others and thus from our experience and knowledge we can deliberately do wise or unwise things. It is thus from our choice of action that we develop a good or evil spirit:

"For what man knoweth the things of a man, save the spirit of man which is in him? even so the things of God knoweth no man, but the Spirit of God. Now we have received, not the spirit of the world, but the spirit which is of God; that we might know the things that are freely given to us of God . . . comparing spiritual things with spiritual . . . the things of the Spirit of God . . . are spiritually discerned." (1 Cor. ii. 11–14.)

Man is a trinity. His make-up is spirit, soul, and mortal body, all of which are God's. The mortal body is sown in corruption, and the soul or resurrection body is sown in incorruption. God allows to the seed of man a mortal body which resembles the father and mother or both, so that every father may know his own child. But God also gives to each mortal body a soul or resurrection body which resembles it in outline, and this St. Paul also terms a spiritual body which should not be confused with man's spirit. We are judged by the spirit in which we do things, which spirit is the seat of the active will and the mind, and is inherent in the soul and mortal body. The soul is the seat of the affections and emotions:

"But some man will say, How are the dead raised up? and with what body do they come? Thou fool, that which thou sowest is not quickened, except it die: And that which thou sowest, thou sowest not that body that shall be, but bare grain, it may chance of wheat, or of some other grain: But God giveth it a body as it hath pleased him, and to every seed his own body. All flesh is not the same flesh: but there is one kind of flesh of men, another flesh of beasts, another of fishes, and another of birds." (1 Cor. xv. 35–9.)

"So also is the resurrection of the dead. It is sown in corruption; it is raised in incorruption: It is sown in dishonour; it is raised in glory: it is sown in weakness; it is raised in power: It is sown a natural body; it is raised a spiritual body. There is a natural body, and there is a spiritual body. And so it is written, The first man Adam was made a living soul; the last Adam was made a quickening spirit." (1 Cor. xv. 42–5.)

In the following quotation it is to be observed that the spirit, the soul, and the body are specified separately:

"And the very God of peace sanctify you wholly; and I pray God your whole spirit and soul and body be preserved blameless unto the coming of our Lord Jesus Christ. Faithful is he that calleth you, who also will do it." (1 Thess. v. 23–4.)[1]

And in the following quotation soul and spirit are specified separately:

"For the word of God is quick, and powerful, and sharper than any twoedged sword, piercing even to the dividing asunder of soul and spirit, and of the joints and marrow, and is a discerner of the thoughts and intents of the heart" (Heb. iv. 12.)

The foregoing interpretation enables us to understand more clearly Christ's statement to the Sadducees who believed that there was no resurrection:

"Ye do err, not knowing the scriptures, nor the power of God. For in the resurrection they neither marry, nor are given in marriage, but are as the angels of God in heaven. But as touching the resurrection of the dead, have ye not read that which was spoken unto you by God, saying, I am the God of Abraham, and the God of Isaac, and the God of Jacob? God is not the

[1] The following quotations are to be found in the work of Josephus, and as they concur with the teaching of St. Paul, they should be of interest:

"Moreover, Moses, after the seventh day was over begins to talk philosophically; and concerning the formation of men says thus: That God took dust from the ground, and formed man, and inserted in him a spirit and a soul." (*Josephus*, Vol. I, p. 69, William Whiston, M.A.)

"Moses entirely forbade us the use of blood (of animals) for food, and esteemed it to contain the soul and spirit." (*Ibid.*, Vol. I, p. 235.)

God of the dead, but of the living. And when the multitude heard this, they were astonished at his doctrine." (Matt. xxii. 29–33.)

* * * * *

The following verses are quoted for the guidance and comfort of those who live in ignorance of the implications of the economic laws of God—the material aspect of faith:

"But to him that worketh not, but believeth on him that justifieth the ungodly, his faith is counted for righteousness. Even as David also describeth the blessedness of the man, unto whom God imputeth righteousness without works, Saying, Blessed are they whose iniquities are forgiven, and whose sins are covered. Blessed is the man to whom the Lord will not impute sin." (Rom. iv. 5–8.)

"And it shall be forgiven all the congregation of the children of Israel, and the stranger that sojourneth among them; seeing all the people were in ignorance. And if any soul sin through ignorance . . . the priest shall make an atonement for the soul that sinneth ignorantly, when he sinneth by ignorance before the Lord . . . and it shall be forgiven him. Ye shall have one law for him that sinneth through ignorance (be he Israelite or stranger). But the soul that doeth ought presumptuously . . . that soul shall be cut off from among his people." (Num. xv. 26–30.)

The ignorant who do evil without knowing that they are doing so, their sins shall be forgiven. Here God renders perfect justice. Advantage is taken of no one. All contingencies and all circumstances are provided for, and no one is overlooked. And it should be observed that God's great concern is always for the ignorant and poor. He will have no harm come to them. But he who acts presumptuously and knowingly, the same shall transgress and sin and be punished.

But though spiritual faith is counted for righteousness to those who are not able to understand the full implications of the economic laws formulated by God for the better government of His people, this must not blind those who can understand to the fact that they must at

all times endeavour to guide and conform collective action to the end desired. For it is clear that we cannot develop our lives and characters after His image except within an economic conception which embodies Him as ultimate reality, and to assist us to this end He has provided us with the essential Laws, Statutes, and Commandments. It is only within the limitations set by these that we can obtain freedom from injustice, iniquity, and oppression, and be able to mould our characters in the right way. Within His Laws we can obtain full freedom to develop our economic lives to the full extent of the economic conception formulated by Him for our better government, and to the end that there shall be no destitution and poverty within our gates. Where there is no law based on righteousness and faith, we cannot eliminate iniquity, oppression, extortion, and excess.

"I do not frustrate the grace of God: for if righteousness come by the law, then Christ is dead in vain." (Gal. ii. 21.)

The interpretation of this verse is that righteousness came not from the Law of Israel and Judah. It would be incorrect to say that righteousness was not in the Law of Moses, for the simple reason that Israel and Judah were dispersed for disobeying the Mosaic Law as a whole, which embodied all the Commandments of God. Christ was the finisher of our faith in God, and demonstrated the righteousness of His works. Through Christ we are made to see the whole conception of righteousness which resides within the Commandments of God, but which at His death did not reside within the law then practised by the Jews, who thought they lived, as they do still, by the righteous law of Moses. The Jews inherited their traditions, disobedience, and unbelief from Israel and Judah, which also brought about their dispersion, and this was made clear by Christ when He said: 'Why do ye also transgress the commandments of God by your tradition?'

(Matt. xv. 3.) And again, 'Ye (the Jews) have omitted the weightier matters of the law, judgment, mercy, and faith: these ought ye to have done, and not to leave the other undone. . . . Ye make clean the outside of the cup and of the platter, but within they are full of extortion and excess.' (Matt. xxiii. 23, 25.)

It is clear therefore that righteousness came not from the law as practised by the Jews, and that Christ's mission was to establish definitely the line of demarcation between good and evil. He enabled us to see the whole conception of righteousness embodied in the Law of God. He also modified certain of the commandments for our better government within the sphere of good.

"When the son of man cometh, shall he find faith on the earth?" (Luke xviii. 8.)

"Watch ye, stand fast in the faith, quit you like men, be strong. Let all your things be done with charity." (1 Cor. xvi. 13, 14.)

The foregoing verses do not refer to personal faith but to the whole body of revealed truth—material and spiritual. In the following verses we get definite proof of this, and a linking up of the Law of Moses with Grace and Truth, which is Christ. These verses definitely prove the theme to be a continuous one, in which there has been no break even to the present time:

"For the law was given by Moses, but grace and truth came by Jesus Christ." (John i. 17.)

"(Grace is the) kindness and love of God our Saviour toward men . . . not by works of righteousness which we have done." (Tit. iii. 4, 5.)

"But if ye believe not his writings (Moses), how shall ye believe my words?" (John v. 47.)

In John i. 17, we have the material and spiritual aspects of faith exemplified. The law came from Moses but through Jesus Christ we obtained the requisite grace and spirit to administer it, and through this spirit only

can we discern the righteous aspects of the law by which alone we may render judgment, mercy, and truth. All depends upon the spirit by which we choose to conform our daily actions—individually and collectively. The world is in a state of confusion because it does not think nor act rightly. It does not apply spiritual discernment to the solution of its problems, hence its wrong thinking and wrong actions.

Through the inward or spiritual expression of faith, the order of distribution is love, kindness, and wealth. When we see a destitute person we should have compassion, which is love, and the kindest action we can take is to help him with a present of wealth. This will evoke in the recipient thankfulness and love and an appreciation that all comes from the hand of God. Through the outward or material aspect of faith, and within a righteous law, the order of distribution is wealth, kindness, and love. The primary duty of government (collective action) is to bring about an equitable distribution of wealth, which will induce kindness and love generally. Though individual and collective actions may be taken separately, they will ultimately merge into a cohesive whole, and so become more effective. The conception of faith which God has here placed before us is a tremendous one. It is majestic.

The evidence confirms that there was no difference of opinion between St. Paul and St. James. As Dr. Scofield states: 'They were discussing two aspects of one truth,' and 'That St. Paul spoke of that which justified man before God, viz. Faith alone, wholly apart from works.' St. James spoke of proof before men, and that he who professes to have justifying faith should prove he really has it. Dr. Scofield also states, which should be carefully noted, 'that there are six laws to be distinguished in Romans—namely, (1) the law of Moses, (2) "law" as a principle, (3) the law of faith,

which excludes self-righteousness, (4) the law of sin in the members, (5) the law of mind, (6) the law of the spirit.' Bearing these in mind it is clear that St. Paul and St. James were not speaking in identical terms, and that they were in fact discussing two aspects of the same truth without being in disagreement. When St. Paul discusses the law we have to note carefully the aspect of it to which he refers. He had lived under the law of Judah—he was a Judean—before becoming a Christian. He found a peace and happiness in the service of Christ not obtainable under the law he had abandoned. The Cross revealed to him that God was love and ultimate reality, and this was his message.

"This I confess unto thee, that after the way which they call heresy, so worship I the God of my fathers, believing all things which are written in the law and in the prophets." (Acts xxiv. 14.)

In present-day world affairs it cannot be said that our financial and currency laws are based on righteousness and faith, since these laws are admittedly still full of extortion and excess; and because they have parliamentary sanction they have legal support. They are thus the commandments of men to which Christ has referred. In consequence of this inherited tradition, which is perpetuated by our present-day Scribes and Pharisees, we need not be surprised at the present world depression, nor at the inability of our authorities to find a solution of it on traditional lines. Hence St. Paul teaches that the only safe guide which men and women can follow in the midst of the intense ignorance and evil which prevail is the teaching of Christ, which teaching is definitely linked to the Law and the Prophets. And that men who live by faith, and act up to it, have no fear of ever coming within the jurisdiction of the Law Courts through transgressing any law of man.

"Render unto Caesar the things which are Caesar's; and unto God the things that are God's." (Matt. xxii. 21.)

"Being then made free from sin, ye became the servants of righteousness." (Rom. vi. 18.)

"That the righteousness of the law might be fulfilled in us, who walk not after the flesh, but after the Spirit. . . . For to be carnally minded is death; but to be spiritually minded is life and peace. Because the carnal mind is enmity against God: for it is not subject to the law of God, neither indeed can be." (Rom. viii. 4, 6, 7.)

"What shall we say then? That the Gentiles, which followed not after righteousness, have attained to righteousness, even the righteousness which is of faith. But Israel, which followed after the law of righteousness, hath not attained to the law of righteousness. Wherefore? Because they sought it not by faith, but as it were by the works of the law. For they stumbled at that stumblingstone; As it is written, Behold, I lay in Sion a stumblingstone and rock of offence: and whosoever believeth on him shall not be ashamed." (Rom. ix. 30–3.)

Towards the end of his mission St. Paul makes his meaning more clear, and, in fact, confirms the thesis of St. James, as may be seen in the following:

"Bear ye one another's burdens, and so fulfil the law of Christ. Let every man prove his own work, and then shall he have rejoicing in himself alone, and not in another. For every man shall bear his own burden. Let him that is taught in the word communicate unto him that teacheth in all good things. . . . And let us not be weary in well doing: for in due season we shall reap, if we faint not. As we have therefore opportunity, let us do good unto all men, especially unto them who are of the household of faith." (Gal. vi. 2–10.)

"Cast not away therefore your confidence, which hath great recompence of reward. For ye have need of patience, that, after ye have done the will of God, ye might receive the promise. . . . Now the just shall live by faith; but if any man draw back, my soul shall have no pleasure in him." (Heb. x. 35–8.)

The whole essence of St. Paul's teaching is to be found in Hebrews, Chapters vii to x, which are among the finest to be found in Scripture, and they should be read. St. Paul concludes by saying:

"If therefore perfection were by the levitical priesthood, (for

under it the people received the law,) what further need was there that another priest should rise after the order of Melchisedec, and not be called after the order of Aaron? For the priesthood being changed, there is made of necessity a change also of the law.

"For it is evident that our Lord sprang out of Juda; of which tribe Moses spake nothing concerning priesthood. . . . Who (our Lord) is made, not after the law of a carnal commandment, but after the power of an endless life. . . . For the law made nothing perfect, but the bringing in of a better hope did; by the which we draw nigh unto God. . . . By so much was Jesus made a surety of a better testament." (Heb. vii. 11, 12, 14, 16, 19, 22.)

"For if that first covenant had been faultless, then should no place have been sought for the second. For finding fault with them, he saith, Behold, the days come, saith the Lord, when I will make a new covenant with the house of Israel and with the house of Judah." (Heb. viii. 7, 8.)[1]

The foregoing quotations prove conclusively that Our Lord Jesus came to replace all those forms of worship covered by the ordinances of the Tabernacle, or what may be known as the Levitical Law, which provided among other things for burnt offerings and sacrifices. In order to put an end to these Jesus made the Supreme Sacrifice for transgression and sin:

"Which (the tabernacle) was a figure for the time then present, in which were offered both gifts and sacrifices, that could not make him that did the service perfect, as pertaining to the conscience; Which stood only in meats and drinks, and divers washings, and carnal ordinances, imposed on them unto the time of reformation." (Heb. ix. 9, 10.)

In these verses, and in Hebrews vii above, no reference is made to the material laws of God—legal and economic—which are specifically excluded. St. Paul refers to 'the law of a carnal commandment,' and to 'carnal ordinances,' which, as he states in Romans viii, p. 41, are not subject to the Law of God, which was completed and made perfect by the death of Christ, Who thereby fulfilled the Law. Thereafter it was to be left to Israel and Judah,

[1] The new covenant is to be made with the house of Israel and the house of Judah, and not with the Jews, who are of Judah. See pp. 200–1.

who still exist, to render judgment, mercy, and faith in accordance with the Law as fulfilled by Christ. This was, and is, 'the better hope.' Within the old covenants whatever righteousness was performed by Israel and Judah was evidently not done with graciousness because complete faith was lacking. If the Law of God had been worked as He intended it to be, it would have functioned perfectly; but as the burnt offerings and sacrifices were considered to be irksome and troublesome, and thereby really made none perfect, God decided to remove these obligations through the death of Christ. But all the other Commandments, and the legal, economic, and monetary laws, remained. God is majestic in all that He does, and the consideration and toleration which He has shown to His people are truly magnificent:

"Sacrifice and offering and burnt offerings and offering for sin thou wouldest not, neither hadst pleasure therein; which are offered by the law; Then said he, Lo, I come to do thy will, O God. He taketh away the first, that he may establish the second." (Heb. x. 8, 9.)

In the latter quotation we have the essence of St. Paul's teaching summarised. And it should be noted in Hebrews ix. 9 above that St. Paul says 'the tabernacle was a figure for the time then present.' The law as it stood was of a high enough standard for the times which existed, until the time of reformation when the spiritual doctrine taught and manifested by Christ should be incorporated in the law, which would then be of a very high standard—and God exacts a very high standard. Moreover, He does not ask us to perform a specific duty without setting us a very high example.

* * * * *

Thus far we have seen that St. Paul has stated in effect that we could not attain to the law of righteousness because of the imperfections which existed within the law

(carnal ordinances) as practised by Israel and Judah, but only through works performed in accordance with the Law of God, which law was completed by the teaching and self-sacrifice of Christ, the Finisher of our Faith. This distinction should be carefully noted. St. Paul has at no time declared that the death of Christ made void the material laws—the legal, economic, and monetary laws incorporated in the Commandments—but he has declared that the law of God was made perfect, by and through the death of Christ. St. Paul thus supports the teaching of St. James, who said: 'Ye see then how that by works a man is justified, and not by faith only.' (Jas. ii. 24.)

It is that absence of a practical outward religious service at the present time that prevents people from knowing God as He is, and that has produced the lack of faith in God in many directions. Hence the challenge to all forms of constitutional and religious authority.

But in order to clear up any possible doubt that may remain from my reasoning thus far, I will refer again to the sayings of our Lord Jesus Christ. In doing so we go to the Fountain-Head:[1]

"Thus have ye made the commandment of God of none effect by your tradition. Ye hypocrites, well did Esaias prophesy of you, saying, This people draweth nigh unto me with their mouth, and honoureth me with their lips; but their heart is far from me. But in vain they do worship me, teaching for doctrines the commandments of men.

"Every plant, which my heavenly Father hath not planted, shall be rooted up. Let them alone: they be blind leaders of the blind. And if the blind lead the blind, both shall fall into the ditch." (Matt. xv. 6–9, 13, 14.)

"Then understood they how that he bade them not beware of the leaven of bread, but of the doctrine of the Pharisees and of the Sadducees." (Matt. xvi. 12.)

These quotations from Christ's Sermons do, I think, clearly define and determine the outward and inward

[1] See also pp. 83 and 170–1

expressions of faith, that is, the material and spiritual aspects of faith. Israel's tradition was to teach for doctrines the commandments of men. And Christ then proceeded to say in effect that every legal and economic act which is not rooted in righteousness shall in the end be destroyed or made void, and that the blind who lead the blind shall both fall into the ditch. This is precisely what is happening in the world to-day.

"Whoso hath this world's good, and seeth his brother have need, and shutteth up his bowels of compassion from him, how dwelleth the love of God in him? Let us not love in word, neither in tongue; but in deed and in truth" (1 John iii. 17, 18.)

Judgment and mercy have to be rendered in addition to professing faith, and, what is more to the point, Christ mentions them separately. But in our collective capacity as a nation we cannot do unto others as we would that they should do to us except through a clearly defined legal and economic mechanism designed for the purpose. We can at the moment bestow legal justice without necessarily bestowing judgment and mercy. In their widest possible sense judgment and mercy cannot be made to fall on the people 'like the gentle rain from heaven' except through an economic mechanism which accords with the Laws, Statutes, and Commandments of God. They are obtainable only in a very limited sense in the Law Courts, and then only if the litigant has a grievance which he desires to see adjusted. But the great mass of the people, who are really powerless to do anything for themselves, and who at the moment lack understanding, can obtain distributive justice only, in the sense which Christ meant, from the collective action of the public will and conscience. And the extent and effectiveness of this action will depend upon the precise nature of the economic mechanism which the public will and conscience is prepared to construct, and enforce, through Parliamentary legislation.

"And whatsoever ye shall ask in my name, that will I do, that the Father may be glorified in the Son. If ye shall ask any thing in my name, I will do it. If ye love me, keep my commandments." (John xiv. 13–15.)

"And this is the confidence we have in Him (the Son of God), that, if we ask any thing according to his will, he heareth us. And if we know that he hear us, whatsoever we ask, we know that we have the petitions that we desired of him." (1 John v. 14, 15.)

It is to be observed that whatever we ask of Christ must be in accordance with the will of the Father and that 'if we know He hear us' (our conscience will either convict or assure us) then we know our petitions will be granted. But God could do far more for us all in a material sense were we to base our monetary and economic systems on the commandments which He conceived were necessary for our better government. We have been given the power to help ourselves under His guidance, and to do good, but because of ignorance we have allowed this power to lie dormant.

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I have felt it necessary to define the outward and inward expressions of Faith (material and spiritual) in this chapter in order to clear up the misunderstanding which exists on the question, and in the hope that it may induce men and women of all classes and creeds not to selfishly pursue the inward expression of Faith only, regardless of the strain, wear, and tear, imposed by existing economic conditions on the minds and bodies of poor people through want and destitution, and who for the most part are inarticulate. We are here to care for them to the best of our ability without exposing them to oppression and extortion. The public will and conscience are now fortunately beginning to realise, not only in this country but in all countries, that the human wastage, the deterioration of human character, the chal-

lenge to all forms of constitutional authority, and even to Christianity itself, which invariably accompanies periods of extreme depression, are not wholly repaired by subsequent periods of prosperity, which, in the present order of things, are but transient. The impoverished physical condition to which the poor classes are reduced, together with their spiritual depression, are never completely recovered from. They always leave their marks behind. The definite awakening of the public will and conscience to these facts, which is now taking place, will, under proper guidance, help us along the pathway to reality, the beginning of which must be stability in the purchasing power of currency and in the regulation of credit, so that all forms of extortion and excess may, as far as possible, be eliminated.

Without stability in the purchasing power of money, that is, without a measure of value, stability in the working conditions of life is not possible. Visual evidence of this is to be found in the existing working conditions in Russia, where, under Bolshevist rule, we have a sordid materialism without Faith. Here oppression and extortion still remain the order of the day. Here we have a complete break away from Christianity because the Communists hold that it offers no bread and butter. Yet Christianity is the only religion, correctly interpreted, that can do so. And it is the only one that can prove that God is not only the beginning and the end of all things, but the Provider of all things.

We are placed in the position in which we find ourselves because of the empirical economic working conditions in which we live and have our being, and because they conform to no possible conception of reality. Our present-day material existence is in no way related to our spiritual one—hence the lack of faith and the challenge to Christianity. But if we would get nearer to God in order to know Him as He is, we must modify

the working conditions in which we live to the end required. For this we need a positive economic mechanism obedient to the Commandments of God, so that we may co-ordinate and develop the material and spiritual aspects of our Faith to the highest forms which human knowledge and experience is capable. And as we progress towards this stage they will point us beyond to ultimate reality, which will have a deeper meaning for us, and enable us to see God as He really is.

" But the hour cometh, and now is, when the true worshippers shall worship the Father in spirit and in truth: for the Father seeketh such to worship him. God is a Spirit: and they that worship him must worship him in spirit and in truth." (John iv. 23–4.)

" And I will pray the Father, and he shall give you another Comforter, that he may abide with you for ever; Even the Spirit of truth. . . . I will not leave you comfortless: I will come to you. . . . But the Comforter, which is the Holy Ghost, whom the Father will send in my name, he shall teach you all things, and bring all things to your remembrance, whatsoever I have said unto you. Peace I leave with you. . . . I have called you friends." (John xiv. 16–18, 26–7, xv. 15.)

" It is expedient for you that I go away: for if I go not away, the Comforter will not come unto you; but if I depart, I will send him unto you. And when he is come, he will reprove the world of sin, and of righteousness, and of judgment: Of sin, because they believe not on me; Of righteousness, because I go to my Father, and ye see me no more; Of judgment, because the prince of this world is judged.

" I have yet many things to say unto you, but ye cannot bear them now. Howbeit when he, the Spirit of truth, is come, he will guide you unto all truth: for he shall not speak of himself; but whatsoever he shall hear, that shall he speak: and he will shew you things to come. He shall glorify me: for he shall receive of mine, and shall shew it unto you. All things that the Father hath are mine: therefore said I, that he shall take of mine, and shall shew it unto you." (John xvi. 7–15.)

" What shall we then say to these things? If God be for us, who can be against us?" (Rom. viii. 31.)

CHAPTER III

THE LINE OF DEMARCATION BETWEEN GOOD AND EVIL

If I were asked to say what was the greatest of all discoveries or inventions, I should say the creation of the laws which define and draw the line of demarcation between good and evil. Some people may doubt the existence of God and the Divinity of Christ, but they cannot doubt the fact that the invention of morality, and the idea of establishing Israel as an exemplary nation, were magnificent conceptions; and to my mind only God could have conceived them. But, in their complete form, they were rejected.

In their attempt to define morality (good) ancient and modern philosophers have not been able to do more than say 'It is a knowledge of good.' But as the Greek philosophers have asked—'What is good?' They have argued that right thinking and its outward expression, all that is beautiful and admirable in conduct, are good. But I interpret 'good' to mean not only a right frame of mind, but also a knowledge of the right laws—monetary, economic, and legal—that will definitely establish good government, combined with the desire, the will, and the power to enforce them. The sphere of good government (good will) can be made a definite mechanical thing—it will be the outcome of a right collective mind—but before it can be established it will require a definite working mechanism to control and maintain it free from the excesses and defects (evil) which now prevail in the world.

Evil is not a single vast ethereal body that reacts on

man through space, and that lies beyond his immediate control. It is a single, vast, inimical force, but its roots lie in Monetary Science, which man can definitely control if he so wills it. Since the days of Moses currency policy has been controlled by what St. Paul has aptly called the carnal mind, and this has led to what will be defined in Chapter V as sordid materialism. This truth will gradually reveal itself as the argument develops.

If good actions are to dominate life, individually and collectively, equality of opportunity has to be provided and the necessary atmosphere created. In this sphere of good there can be no vested interest taking too much of the 'goods' of life and offering too little. If these two extremes of injustice were to continue there could be no equality of opportunity. There could be no good will. Good intentions cannot be construed to be good will. There must be an outward expression of faith as well as an inward expression. It is thus necessary to establish a clear line of demarcation between excess and defect. The question then is—How can we acquire the knowledge and the power that will enable us to establish the line of demarcation between what is good and what is evil, so that we can maintain the sphere of good as a separate and definite sphere of right thinking and right action, freed from the pressure of the evil consequences which arise from bad thinking and bad action? For it is clear that we cannot expect people to perform the maximum of good actions if all, or part, of their efforts in this direction are to be neutralised by those performing bad actions.

In order that we may put our right-minded thoughts (righteousness) into practice, we need to acquire the power to do good, which power is only obtainable through legislative action, and that means the collective action of the nation. But the answer to the question as to whether this collective action will result in good or evil will depend

not only on the kind of collective action taken, but also upon the precise mechanism of the law that may be designed to enforce it. The desire to do good is not in itself sufficient—we need the power to do good. And the possession of this power will produce a different outlook to that which now exists.

God radiates His power. We see it all around us. One manifestation of it is the abundance of wealth which He has placed at our disposal—the visible evidence of His power to do good—but our inability to distribute this abundance equitably is due to our own lack of knowledge and of the power to do so. Knowledge is power, and a lack of the requisite knowledge produces the evil consequences which surround us, and these in turn induce a lack of faith in God and His works. Let us assume that we have two hungry families reduced to destitution and poverty, and that the father of one family says to the other: 'We are reduced to our present plight through no fault of our own, and I cannot understand why we are unable to have three adequate meals a day for our families in view of the abundance of unconsumed wealth which exists. I do not understand why God allows this state of affairs to prevail.' Now this man has a right-minded thought, and is saying what thousands of men are saying to-day, but because he does not possess the power to do good, or share in one, he has begun to lose faith in the efficacy of government. If a man increases his income he increases his power to do good. This same argument applies to the State. Good is therefore a power to realise a right-minded thought, not only in an individual sense but also in the collective, just as the evil that men do under the cloak of legality is the power that they derive from the law as constituted. Thus we see that the line of demarcation between good and evil can be clearly drawn and enforced only through the mechanism of the law. If we

know what the distribution of economic justice really means we should be capable of ensuring its widest distribution through the law.

We should know what we are doing, and why. We should endeavour to live our lives and mould our characters within an economic conception of a positive nature, and one that will permit of right-minded action, bearing in mind that the right thoughts of to-day are the realities of to-morrow. What is needed most is a firmness of purpose as well as a clear insight into the meaning of life and ultimate reality. Why are we here, and what are we here for? Are we simply an accident?

The ancient philosophers have taught us that the most important possession of man was the knowledge of good. But this definition is incomplete because they have not told us what is 'good.' And this is still the chief difficulty which faces the ethical school. Aristotle came nearest to solving the problem. To increase our knowledge of good we have to increase our knowledge of the wisdom and knowledge of God, Who is 'Good.' If goodness of soul is the finest attribute that a man can possess, a good friend must be the finest of his external possessions. But friendship is determined by certain qualities of mind, chief among which is the loyal conduct of the friend, his usefulness, and indispensability; and the highest service which one friend can render to another is to bring about an improvement in the moral tone of the friendship. The average man in the street, because of his lack of knowledge of the wisdom and knowledge of God, tests the friendship of God very much in the same way. Why does He permit destitution and poverty? Why are men allowed to live and suffer within the evil consequences of sordid materialism? Why did He permit the Great War? But does God allow the evil consequences to arise, and has He raised no protest?

I shall endeavour to prove that the evil consequences from which we suffer are the result of our own folly. The fact is that the attempts made by man to evolve a moral code, or system of government of his own, are doomed to failure. The barren results which have so far accrued are simply due to man's futile attempts to formulate a code of his own, partly based on morality and mainly based on sordid materialism, which is a dangerous combination. Until the public mind has been brought to realise this fundamental truth no further progress is possible. A more scientific system of government than the one we have is needed, also administrators capable of more scientific thinking, in order to ensure a more equitable distribution of economic justice; and only from an adherence to the Commandments of God will this be possible.

The world of being is essentially ideal and knowable, and to enable it to reach its highest expression a prerequisite condition is that government should be ordered, regulated, and harmonised. The ideal Government is essentially one which is capable of realising the well-being of the governed. Should it fail to do this it will obviously not be an ideal Government. Divine thought aims at advancing the welfare of the people through a well-regulated and harmonised set of economic laws, which come within the orbit of the material aspect of faith.

But we cannot convince man of the efficacy of God's Commandments unless we have an opportunity of putting them into practice. We need to be able to prove that the just life is not only the best, but also the pleasantest and the most profitable. When the community exercises its sovereign power, or free will, it usually has an objective end in view, such as the advancement of the commonwealth, or well-being of its individual members. But the one outstanding defect of Democracy to-day is that

scientific knowledge rests in the hands of a few; hence it needs leadership, faith in that leadership and in its own ultimate destiny. Life strives onwards and upwards, and unless Democracy can obtain the leadership which it needs, and that is capable of pointing to the objective beyond, it will inevitably fail. And this will give the dictator or autocrat his opportunity. For Democracy to succeed it must always strive to raise itself to the level of genius, which, in its highest form, is God. Democracy needs the autocracy of wisdom and the genius of leadership. It needs to discard the autocracy of sordid materialism—the carnal mind.

Leadership has to discover the precise economic mechanism under which alone the social conditions and the quality of the race can be improved, what measures it can discard and what retain, in order that the people may attain to a higher and nobler type of life. Wise leadership can raise the people to its own level, create harmonious relationships, and where merit and restraint exist the people will follow. From this it will be seen that as God has the greatest of scientific minds, He can be revealed and interpreted in the material world only through the genius of leadership.

If leadership knows what the distribution of economic and legal justice means, it should be able to translate it into a legislative form, and in the process of realisation it should be able to act with firmness and courage. Democratic Government will succeed only if it rigidly conforms to, and works within, an ideal economic conception. Without this Democracy will fail, because without the ideal economic conception it would be unable to obtain true well-being. It would be unable to guard itself against the evil consequences of sordid materialism, and in desperation and in ignorance it would be led to commit acts of folly. Life requires of all men that they should know what they are doing, and why. Man

should act in accordance with a predetermined plan. The conception of 'good' as a code, while not in itself arbitrary, has yet to be accepted by men with unquestioning submission, and when they reach this stage it will automatically bring into the foreground the necessity and virtue of voluntary obedience to authority, which in turn must be determined by the sovereign will of the people. But as already indicated the success of Democratic Government depends upon it functioning within the sphere of good, and as a means to this end it will be necessary to establish the line of demarcation between what is good and what is evil. God has implanted in the human mind a knowledge of what is right and wrong (good and evil) and the general rules of conduct which govern them. But these have been obscured and perverted by vested interests because of custom and ignorance. This much is certain—the highest freedom, which includes happiness, peace, and prosperity, is only obtainable within a righteous law, the sphere of good.

In voluntarily choosing its own economic working conditions to those of God's, humanity chose evil instead of good, that is, it accepted the evil consequences that were bound to ensue from its own action. Humanity can throw these off whenever it makes up its mind to do so, but the fact that the evil consequences reside with us to-day is certainly not God's fault as some would have us believe, nor does it prove that God does not exist. On the contrary, the fact that evil exists also proves that good exists.

"Thou believest that there is one God; thou doest well: the devils also believe, and tremble. But wilt thou know, O vain man, that faith without works is dead?" (Jas. ii. 19–20.)

As men have confined their religion to the spiritual aspect of faith many creeds and forms of worship have

been evolved by them, but nevertheless they all worship the same God, even though they may not all recognise the same intermediary. Similarly, on account of religion being confined to the spiritual aspect of faith, Bolshevism, Communism, and Revolutionary Socialism have arisen, and these refuse to recognise God, since material satisfaction would seem not to be attainable through Christianity or any other form of religion. In illustration of this point, I was speaking not long ago to a supporter of one of the Ethical Movements in this country, and he gave as his reason for not believing in Christianity that the same ethical stream was to be found running throughout all religions such as Christianity, Mohammedanism, and Buddhism, and political beliefs such as Communism and Socialism. To which I replied that this was to be expected, and this answer somewhat surprised the gentleman who had not grasped the significance of this truth before. For myself, I believe in Christ because He taught with great precision what was good and what was evil, and because He definitely linked His teaching to the Law and the Prophets, thus continuing the main theme. This coincidence is too striking, and the evidence is too manifest, for me not to believe in Him.

The following declarations which Christ addressed to the Jews in Jerusalem are extremely significant:

"Search the scriptures; for in them ye think ye have eternal life: and they are they which testify of me. . . For had ye believed Moses . . . in whom ye trust . . . ye would have believed me; for he wrote of me. But if ye believe not his writings, how shall ye believe my words?" (John v. 39, 46, 45, 47.)

"If I do not the works of my Father, believe me not. But if I do, though ye believe not me, believe the works: that ye may know, and believe, that the Father is in me, and I in him." (John x. 37, 38.)

"Did not Moses give you the law, and yet none of you keepeth the law? Why go ye about to kill me?" (John vii. 19.)

"No man taketh my life from me, but I lay it down of myself. I have power to lay it down, and I have power to take it again. This commandment have I received of my Father." (John x. 18.)

There can be no doubt that the people of the world long to know God as their friend, and not merely as a spiritual Deity standing aloof from what is regarded as the evil consequences of sordid materialism. They would really love to know that His Commandments alone could protect them from extortion and excess, and to which they could appeal for protection, and for a solution of their difficulties. It was because of the evils (extortion and excess) which He saw arising out of sordid materialism that He became the Jehovah of Israel, and gave His Commandments, so that she might become the exemplary and servant nation in world civilisation.[1] All was foreseen. This is certainly the outstanding message of the Law and the Prophets, and it is extremely significant. 'There is no God but Jehovah, and Israel is his prophet.'

The first great act which God did for man was good. He gave man dominion over the fulness of the earth, and subsequently formulated the laws that were necessary for its effective control and equitable distribution, and to the end that there should be no poor within the gates of the national economic system. But the equitable distribution of wealth depended, and still depends, upon whether man followed the path of good or evil. Evil followed when man declined to accept the Key-Commandment provided by God for his better government, and for the stabilisation of the monetary system, weights,

[1] It is quite clear that the Jews were not to be the servant nation. They were a remnant of Judah only, and Christ's final message to them was: "Therefore I say unto you, the Kingdom of God shall be taken from you, and given to a nation bringing forth the fruits thereof." (Matt. xxi. 43.) See also Matthew xii. 31, 32.

and measures. This would have produced equilibrium in all spheres of activity, and would have enabled the Statutes and Commandments to have become fully operative and effective within the sphere of good, thus fulfilling the great purpose for which they were designed. Evil arose and still arises from man's omission, transgression, and unrighteousness. Man has deliberately and definitely sinned against God. If there is one lesson to be drawn from the Law and the Prophets, it is that they warn us of the evil consequences which ensued, and that were bound to ensue, when man declined to receive instruction.

What God demanded from Israel, and still demands from us, was that righteousness and economic justice should be equitably distributed, and this demand was not onerous or grievous. Quite the contrary. By obeying it the nation and the world would have obtained a more prosperous and fuller life than was possible under any other system. As God of Israel. Jehovah became the Author of justice and righteousness, which is clearly established in His Commandments, so that we can but look to Him as the Spirit of Good and as the only power for good in heaven and in earth.

"I am the Lord, and there is none else. I form the light, and create darkness: I make peace, and create evil: I the Lord do all these things. Drop down, ye heavens, from above, and let the skies pour down righteousness: let the earth open, and let them bring forth salvation, and let righteousness spring up together; I the Lord have created it. Woe unto him that striveth with his Maker!" (Isa. xlv. 6–9.)

In this quotation God says that He created evil, but the sense in which He means this is that if His Commandments are disobeyed certain evil consequences would be bound to ensue, and these are sorrow, wretchedness, adversity, affliction, and calamity. These are not in themselves transgression and sin, but they are the

consequences which ensue. They are inevitable.[1] By His Commandments and regulations God has proved to us that He can effectively separate the sphere of good from the sphere of evil, and we have to bear in mind what He means by evil. Transgression and sin alone produce evil, for which God is not responsible. He gives us our choice, and if we choose to violate His Commandments the responsibility rests solely with ourselves. He asks us to follow the path that will do good to all, including ourselves. But if our carnal minds think otherwise, He positively assures us that sorrow, wretchedness, adversity, affliction, and calamity will follow. It should be noted what God really says: 'I form the light, and create darkness. I make peace, and create evil.' He was constantly appealing to Israel and Judah to enter the light and keep out of the darkness.

"For thou hast trusted in thy wickedness: thou has said, None seeth me. Thy wisdom and thy knowledge, it hath perverted thee. . . . Therefore shall evil come upon thee; thou shalt not know from whence it riseth: and mischief shall fall upon thee; thou shalt not be able to put it off: and desolation shall come upon thee suddenly, which thou shalt not know. Stand now with thine enchantments. . . . Thou art wearied in the multitude of thy counsels. Let now the astrologers, the stargazers, the monthly prognosticators, stand up, and save thee from these things that shall come upon thee. Behold, they shall be as stubble." (Isa. xlvii. 10–14.)

"I have not spoken in secret, in a dark place of the earth: I said not unto the seed of Jacob, Seek ye me in vain: I the Lord speak righteousness, I declare things that are right. Assemble yourselves and come; draw near together, ye that are escaped of the nations . . . take counsel together: who hath declared this from ancient time? have not I, the Lord? . . . there is none beside me. . . . Surely, shall one say, in the Lord have I righteousness

[1] Speaking scientifically, I can confirm that the calamities which have befallen the world are due to the absence of a true measure of value. They are the inevitable consequences which ensue.

and strength. In the Lord shall all the seed of Israel be justified, and shall glory." (Isa. xlv. 19–25.)

"To whom will ye liken me, and make me equal, and compare me, that we may be like? They lavish gold out of the bag, and weigh silver in the balance, and hire a goldsmith; and he maketh it a god: they fall down, yea, they worship. . . . Remember the former things of old: for I am God . . declaring the end from the beginning, and from ancient times the things that are not yet done, saying, My counsel shall stand, and I will do all my pleasure. . . . I bring near my righteousness; it shall not be far off, and my salvation shall not tarry: and I will place salvation in Zion for Israel my glory." (Isa. xlvi. 5–13.)

"Love worketh no ill to his neighbour: therefore love is the fulfilling of the law." (Rom. xiii. 10.)

As Jehovah of Israel God gave all and asked nothing for Himself except our love. If He asked for our obedience it was for our good. His main plea was that we should serve our neighbours, and render to our fellow-men what was right. This was true fatherly care and love. In return He wanted the love of all, but this was not possible if a section of the population was to be kept perpetually in poverty and destitution. He made it clear that His will lay not only in heaven but in earth also, that it was most active in the sphere of good, and that it could be recognised by all possessing a moral consciousness. The works of God, and all things which He freely offers to us, as St. Paul has said, can be clearly discerned only by those imbued with the spirit of God. To a righteous man all things freely offered by God become an open book, and as he walks he may read. In the sphere of good only can man *fully* develop the material and spiritual aspects of his faith.

The following quotations I think will throw further light upon the question at issue:

"The commandments which I command thee this day are not unattainable, neither are they afar off; not in heaven so that one might say, Who shall go up for us to heaven and bring them unto

us, and tell us them that we might do them? Not beyond the sea, so that one might say, Who shall go over the sea, and fetch them and tell us them that we might do them? But the word lies very near thee, in thy mouth and in thy heart, so that thou canst do it." (Deut. xxx. 10–14.)[1]

"See, I have set before thee this day life and good, and death and evil; In that I command thee this day to love the Lord thy God, to walk in his ways, and to keep his commandments and his statutes and his judgments, that thou mayest live and multiply. . . . But if thine heart turn away, so that thou wilt not hear . . . ye shall surely perish." (Deut. xxx. 15–18.)

"O house of Israel, cannot I do with you as this potter? saith the Lord. Behold, as the clay is in the potter's hand, so are ye in mine hand, O house of Israel. At what instant I shall speak concerning a nation, and concerning a kingdom, to pluck up, and to pull down, and to destroy it; If that nation, against whom I have pronounced, turn from their evil, I will repent of the evil that I thought to do unto them. And at what instant I shall speak concerning a nation, and concerning a kingdom, to build and to plant it; If it do evil in my sight, that it obey not my voice, then I will repent of the good, wherewith I said I would benefit them." (Jer. xviii. 6–10.)

Because God made man after His own image it should not be assumed that man is incapable of doing evil. The foregoing quotation does not substantiate this view. Every man has an inclination—under a stress of emotion, or if it suits his own interests—of committing sin, and only by an exercise of will power and restraint can he prevent himself from so doing. 'For the imagination of man's heart is evil from his youth.' (Gen. viii. 21.) If the gain is good the temptation is strong, and so it has remained since the days of Israel. For confirmation of this we need only study the history of Israel and Judah. Throughout the Law and the Prophets, Israel was exhorted to obey the Statutes, Commandments, and Ordinances, but she preferred 'to walk after her own devices.'

[1] This is a compound quotation, but it gives the literal meaning.

"Now therefore go to, speak to the men of Judah, and to the inhabitants of Jerusalem, saying, Thus saith the Lord; Behold, I frame evil against you, and devise a device against you: return ye now every one from his evil way, and make your ways and your doings good. And they said, There is no hope: but we will walk after our own devices, and we will every one do the imagination of his evil heart." (Jer. xviii. 11, 12.)

Now here we see clearly that though Israel and Judah were made after the image of God that they were not compelled to obey the Commandments of God; they followed their own devices, which resulted in sin and transgression much to God's annoyance. As I have previously indicated, God does not compel us to obey Him; He asks for voluntary obedience, and in this He is wise, because if it could be obtained it would be the perfect contact, and endurable. Let us study our own relations. If our friendships were of a compulsory nature they might prove to be irksome and irritating. Voluntary friendships and love have no equal—they are priceless. Take a mother's love for example!

In order that man may fulfil his mission in life, and mould his character after the image of God, a clear line of demarcation was made between what was good and what was evil, so that man might live in a world of good and not of evil. With his physical structure man is only concerned to the extent that he has been made after the image of God. But as St. Paul has said, 'the body is the temple of the Holy Ghost' and he must keep it clean and good if he wishes to receive the Holy Ghost. Here again it is a matter of belief and faith, and knowing what is good.

Anyone who will take the trouble to seriously reflect on the matter must agree that the formulation of the Laws, Statutes, and Commandments, with particular emphasis on the Key-Commandment, as the line of demarcation between good and evil, was, and is still, the greatest

invention of all time. It was, and is still, a magnificent conception. Without a knowledge of the limits beyond which man must not go, how could he possibly avoid doing evil? Man is without doubt made after the image of God, both as regards body and mind, but he has to absorb into his mind not only a knowledge of God but a knowledge of the works of God, in which he must believe. To say that man is made after the image of God is not to say that he also possesses in all respects the knowledge and wisdom that God possesses. God's mind is a mathematical mind, and He provided us with Statutes and Commandments so that we might fit in with His ordered and regulated scheme of things, in which harmony reigns. All the good things of life come from the hand of God, and they 'fall as the gentle rain from heaven upon the place beneath.' We can receive or reject them as we will.

"But thou, O Daniel, shut up the words, and seal the book, even to the time of the end: many shall run to and fro, and knowledge shall be increased." (Dan. xii. 4.)[1]

Here it is clearly indicated that knowledge shall be increased. Man is not born with knowledge—he must learn from the wisdom of experience, which course, as will have been observed, he has chosen of his own free will.

The foregoing quotation confirms the view already expressed that Israel and Judah fell because they thought they could devise a better economic system than the one which God gave them. There is no gainsaying the fact that those responsible for the currency system of Israel, just as it can be said of those who control the monetary systems of the world to-day, were able to draw to themselves an undue proportion of the annual wealth produced, which only became possible because of the ignorance of the people as a whole, and their lack of faith. But if

[1] See also 1 Corinthians xv. 34, p. 27, and Hosea iv, pp. 141–2.

the rulers, merchants, and people of Israel had sought for a deeper knowledge of the wisdom of God and His Commandments, and possessed the requisite faith in Him, their dispersion, and the world's present economic, political, and social difficulties, would not have arisen. God's experience of Israel led Him to the conclusion that man would require to learn from bitter experience that peace and prosperity could only be obtained from his submission to the Laws, Statutes, and Commandments, and that this experience only would give him the requisite education, wisdom, and knowledge.

In the Pentateuch it was clearly set forth after Adam's fall from grace that man must live by the sweat of his brow, and that if he desired to have dominion over the fulness of the earth, he must acquire the essential knowledge and wisdom by which he might effectively administer the power thus granted, and bring about an equitable distribution of wealth to the end that there should be no poor within the gates. And as I have said, God in His wisdom endeavoured to help man to this end by placing at his disposal the Statutes and Commandments.

"Now therefore hearken, O Israel, unto the statutes and unto the judgments, which I teach you, for to do them, that ye may live, and go in and possess the land which the Lord God of your fathers giveth you. Ye shall not add unto the word which I command you, neither shall ye diminish ought from it, that ye may keep the commandments of the Lord your God which I command you." (Deut. iv. 1, 2.)

The Statutes and Commandments were not to be varied, and it is further specifically stated that we must not read into the word of God by assumption or by hypothesis more than the words actually convey. They were to be read literally, but the literal reading in no way narrows the spiritual implications; on the contrary, the more economic good we can draw from the law so

much more do we widen the spiritual implications. If we narrow the material implications, we narrow the spiritual. If we widen the material implications, we widen the spiritual. God spoke in a language that can be readily understood by all who desire to learn and understand His knowledge and wisdom.

"But continue thou in the things which thou hast learned and hast been assured of, knowing of whom thou hast learned them.... All scripture is given by inspiration of God, and is profitable for doctrine, for reproof, for correction, for instruction in righteousness." (2 Tim. iii. 14–16.)

"Seek good, and not evil, that ye may live: and so the Lord, the God of hosts, shall be with you, as ye have spoken. Hate the evil, and love the good, and establish judgment in the gate: it may be that the Lord God of hosts will be gracious unto the remnant of Joseph." (Amos v. 14, 15.)

Man then was born after the image of God, both in body and mind, but he had to learn by instruction what was good and what was evil, and to do what was good and not evil. And it may be profitable for man to know that evil is not to be found in reality, but only in those spheres of activity over which he has been given dominion.

CHAPTER IV

THE FORMATION AND DISPERSION OF ISRAEL AND THE KEY-COMMANDMENT

ABRAHAM believed in God which was accounted to him for righteousness, and he was made the father of many nations. In his seed was all the nations of the earth to be blessed. This Covenant was confirmed to his son Isaac, who became the heir of all things (Gen. xxv. 5, 6), and afterwards to his son Jacob, who became known as Israel. The Covenant was enlarged 'on Jacob, for in Jacob and his seed should all the families of the earth be blessed.' (Gen. xxviii. 14.) The children of Israel dwelt for 420 years in bondage in Egypt, from whence God brought them to the Promised Land, which lay midway between Assyria and Egypt. The night of the Exodus from Egypt was to be regarded as the Passover, and from this point the economic history of Israel begins. (Exod. xii. 41–51.)

The history of Israel as a nation began at Sinai in the third month after she was brought out from Egypt, and here the laws—spiritual, legal, and economic—began to be formulated.

"Now therefore, if ye will obey my voice indeed, and keep my covenant, then ye shall be a peculiar treasure unto me above all people: for all the earth is mine: And ye shall be unto me a kingdom of priests, and an holy nation." (Exod. xix. 5, 6.)

Israel, as a redemptive and servant nation, was also, by its example, to show the world how to protect the fatherless, the widow, and the poor. It was to be a kingdom of good people, who were to render judgment

and mercy. The divine system of economic laws was to provide the line of demarcation between good and evil, between God and the prince of this world who is Satan, and within the sphere of good man was to have dominion over the earth and the fulness thereof, which is the Lord's.

The conception of establishing Israel as an exemplary servant nation (1491–51 B.C.) was a magnificent one, and our next task is to consider the various economic laws which it was expected to develop to the end desired, why it failed, and what brought about its dispersion for a time. In the quotations which follow we shall find the economic and monetary aspects fully set forth:

"Six days shalt thou labour, and do all thy work: In the seventh, the sabbath day, thou shalt rest, and keep it holy." (Exod. xx. 8–10.)[1]

"Ye shall do no unrighteousness in judgment, in meteyard, in weight, or in measure. Just balances, just weights, a just ephah, and a just hin, shall ye have: I am the Lord your God, which brought you out of the land of Egypt. Therefore shall ye observe all my statutes, and all my judgments, and do them: I am the Lord." (Lev. xix. 35–7.)

"And it shall be our righteousness, if we observe to do all these commandments before the Lord our God, as he hath commanded us." (Deut. vi. 25.)

"And the Lord will take away from thee all sickness, and will put none of the evil diseases of Egypt, which thou knowest, upon thee; but will lay them upon all them that hate thee." (Deut. vii. 15.)

"Behold, the heaven and the heaven of heavens is the Lord's thy God, the earth also, with all that therein is." (Deut. x. 14.)

The following law, together with the Ten Commandments, is incorporated in the Common Law of England. It is known as the Statute of Limitations:

"At the end of every seven years thou shalt make a release. And this is the manner of the release: Every creditor that lendeth

[1] This is a compound verse.

ought unto his neighbour shall release it; he shall not exact it of his neighbour, or of his brother; because it is called the Lord's release. Of a foreigner thou mayest exact it again: but that which is thine with thy brother thine hand shall release; save when there shall be no poor among you; for the Lord shall greatly bless thee in the land which the Lord thy God giveth thee for an inheritance to possess it." (Deut. xv. 1–3.)

The usury laws which follow are important and should be noted, since they affect the whole system of financial banking and lending. As the monetary system is constituted to-day every banking loan makes a deposit, every purchase of securities by a bank creates a deposit, so that all deposits are in fact debts, on which interest is payable. Yet these deposits circulate as money through the use of cheques. As the present monetary system is constituted and operated there is nothing so false or evil. This does not mean that such deposits are undesirable—it simply means that they should be regulated with a view to an improvement of their quality.

"And when ye reap the harvest of your land, thou shalt not wholly reap the corners of thy field, neither shalt thou gather the gleanings of thy harvest. And thou shalt not glean thy vineyard, neither shalt thou gather every grape of thy vineyard; thou shalt leave them for the poor and stranger: I am the Lord your God. Ye shall not steal, neither deal falsely, neither lie one to another. Thou shalt not defraud thy neighbour, neither rob him: the wages of him that is hired shall not abide with thee all night until the morning." (Lev. xix. 9–11, 13.)

"And if thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him: yea, though he be a stranger, or a sojourner; that he may live with thee. Take thou no usury of him, or increase: but fear thy God; that thy brother may live with thee. Thou shalt not give him thy money upon usury, nor lend him thy victuals for increase." (Lev. xxv. 35–7.)

"Therefore I command thee, saying, Thou shalt open thine hand wide unto thy brother, to thy poor, and to thy needy, in thy land." (Deut. xv. 11.)

"For the Lord thy God blesseth thee, as he promised thee:

and thou shalt lend unto many nations, but thou shalt not borrow; and thou shalt reign over many nations, but they shall not reign over thee. If there be among you a poor man of one of thy brethren within any of thy gates in thy land which the Lord thy God giveth thee, thou shalt not harden thine heart, nor shut thine hand from thy poor brother: But thou shalt open thine hand wide unto him, and shalt surely lend him sufficient for his need, in that which he wanteth." (Deut. xv. 6–8.)

"Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of any thing that is lent upon usury: Unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury: that the Lord thy God may bless thee in all that thou settest thine hand to in the land whither thou goest to possess it. When thou shalt vow a vow unto the Lord thy God, thou shalt not slack to pay it: for the Lord thy God will surely require it of thee; and it would be sin in thee. But if thou shalt forbear to vow, it shall be no sin in thee." (Deut. xxiii. 19–20.)

"And it shall come to pass, if thou shalt hearken diligently unto the voice of the Lord thy God, to observe and to do all his commandments which I command thee this day, that the Lord thy God will set thee on high above all nations of the earth. Blessed shalt thou be in the city, and blessed shalt thou be in the field. But if thou wilt not hearken unto the voice of the Lord thy God, to observe to do all his commandments and his statutes . . . the Lord shall send upon thee cursing, vexation, and rebuke." (Deut. xxviii. 1, 3, 15, 20.)

In view of the density of populations nowadays it would of course be impossible for farmers not to gather the gleanings of their harvests and every grape in their vineyards. But the moral is there, and, in so far as the mass of the people is concerned, it can be given effect to through the monetary system, tithes, and social legislation.

The Key-Commandment which Israel was obliged to keep in order to ensure the equitable distribution of economic justice and wealth to the fatherless, to the widow, and to the stranger, is contained in the following:

"Thou shalt not have in thy bag divers weights, a great and a small. Thou shalt not have in thine house divers measures, a great and a small. But thou shalt have a perfect and just weight, a perfect and just measure shalt thou have: that thy days may be lengthened in the land which the Lord thy God giveth thee. For all that do such things, and all that do unrighteously, are an abomination unto the Lord thy God." (Deut. xxv. 13–16.)

The Key-Commandment provided for the adoption of a measure of all values, that is, stability in the purchasing power of money, which will be confirmed in the quotation from Amos viii to follow, but the governors and merchants of Israel ignored it in order that they might derive greater personal benefits than would otherwise, in their opinion, be the case. Perhaps they did not understand that greater economic advantages could be obtained from a strict adherence to the Key-Commandment, but this lack of understanding simply manifested their lack of faith. They had evidently no desire to learn and understand. God was their Jehovah and framed the Law. There could be no justification in breaking the Law unless it could be proved that it was bound to operate adversely to Israel as a whole—even including the governors and merchants. God asked for this proof.

"Prove me now herewith, saith the Lord of hosts, if I will not open you the windows of heaven, and pour you out a blessing, that there shall not be room enough to receive it." (Mal. iii. 10.)

"Thus saith the Lord of hosts; My cities through prosperity shall yet be spread abroad; and the Lord shall yet comfort Zion, and shall yet choose Jerusalem." (Zech. i. 17.)

It has been said that the economic system outlined by God in the laws which He gave to Israel could not be applied to modern conditions. That it was a system designed primarily for a primitive people with primitive ways. The answer to this is, that the broad principles of the barter system, which, to work successfully, require

an invariable measure of value, are good for all time and are unchangeable. They hold fast in good time or bad, with civilised people or with uncivilised people. They cannot be changed to accord with the economic circumstances of the moment. This is, of course, what we should expect in connection with any system initiated by God.

With a primitive people one would expect less efficiency and less understanding. Being uneducated and lacking faith in God they were not likely to understand the great benefits that would accrue from a strict adherence to the economic and monetary laws which He provided for their benefit. The fault, of course, lay with those who administered the government of Israel. But with all our boasted civilisation and education, are our leaders and people any wiser to-day? Do our administrators seek for that wisdom and knowledge which is so necessary if the oppression of the poor is to be cured?

The great mistake made by those responsible for the administration of our financial and economic systems to-day, and even by those responsible for maintaining them, is that they believe that they can work six days a week in the great Babylonian System, which exploit the poor, and then seek Grace on the seventh day from God. They try to make the best of both worlds, whereas, did they but know it, if they worked exclusively to His system, the world would gain more in riches, in art, in architecture, and in happiness, from which all would share. The worries of to-day and the fears of to-morrow would soon disappear. The question as to where our daily bread was coming from would at least not trouble us.

In orthodox economic philosophy there is no room for moral sentiment. This does not mean that orthodox economists would not like to see the adoption of a science based on moral sentiment, but the fact remains that our latter-day economists and bankers have made this science

what it is. They have taught the public to believe in the infallibility of the Quantity Theory of Money, which assumes that credit £s are the equal of currency £s, which is not the case. This theory has led one well-known economist to say that: "Labour has not only no natural price, but also no market price; no one buys it, no one sells it, no one would take it as a gift. What is bought and sold is not the labour, but the commodities and services produced by labour; not the labour, but the work done by labour." This doctrine is solely responsible for the human misery, starvation, and social disorders which prevail. The soul of man is treated as being so many fractions of a horse-power in the economic machine. It has no value from a monetary point of view. The only thing which has a monetary value is what the man produces. Man is not permitted to have any dominion over what he produces. This was confirmed by a distinguished economist recently when he said that there was no sentiment in economics—and that, in fact, there was no room in the science for it. If body and soul have to starve because it is impossible to allow for them in terms of money, why then they must starve. In other words, economic science as at present constituted, and evidently as it was constituted in the days of Israel, is unrelenting and soul destroying; monetary results are paramount; and the welfare of man is of purely secondary consideration. It matters not if there be an abundance—man may not have access to it. Whatever grinding the economic machine has to do, man must bear the brunt of it. But why should consumers live in constant fear that they may not get enough, and producers in constant fear that they may produce too much? Why should we all live in constant fear of to-morrow, with all the worries attendant thereon? There is no reason whatsoever.

The point here is that God obviously favoured a barter economy within which money was to be a convenience

and not an obstacle. Money was to be a servant and not a master. This point will be readily observed as we proceed. God exacts a very high standard from us. His own standard is very high, and it requires deep knowledge and wisdom to comprehend it fully. To appreciate this point we need only reflect for a moment on the depth of knowledge required by man to comprehend the physical and chemical sciences. In His teaching of ethics and morals Christ set a very high standard. But the life involved in Christ's teaching is extreme simplicity itself, which is that 'thou shalt love thy God with all thy heart, and thy neighbour as thyself.' The simplest mind can understand this.

It is clear, however, that the leaders of Israel sought a scheme of economic life which would enable them to draw more of the good things of life to themselves than they were entitled to do, and with a minimum of effort. They saw no reason why 'he that gathered much had nothing over, and he that gathered little had no lack.' (Exod. xvi. 18.) Or, as St. Paul has said, 'that their abundance may be a supply for other people's wants; that there may be equality.' (2 Cor. viii. 14.) In fact, they did not want to know the elements of leadership in the new order of things. And all who are responsible for leadership to-day have great responsibilities, and this applies to the Church just as much as it does to government and industry.

There is another error which our leaders at the present time commit. They have not given the economic and monetary laws of God sufficient consideration because they feel that these could not possibly be made to conform to the practical difficulties of the world to-day. In this they are mistaken. The so-called practical difficulties are merely the reflex actions of sordid materialism, and they will always remain in the world so long as the present mental attitude of leadership towards God is maintained. A high

standard is now exacted, and deep knowledge and wisdom is required for the service of God. Let there be no mistake about this. It is necessary because of the challenge to faith. All has now to be proved in order to satisfy man, who takes nothing for granted. But where absolute faith and belief exists it is accounted for righteousness, as in the case of Abraham the father of us all. Where belief exists deep knowledge and wisdom is not essential. The greatest knowledge and wisdom rests in belief. But he who is not content with this alone may now prove it for himself if he so desires, and the more he is able to prove things to his own satisfaction the more will he help to establish faith. The procedure is very simple.

It may be asked why God, as Jehovah of Israel, did not complete the economic system to its perfect state. The answer is that God could do no more in the circumstances. All that He could do, as in the case of all ethical instruction, was to establish the broad principles that were to be followed; conscience would dictate the rest. With the development and progress of science, elasticity in the particular mechanism to be employed was essential. Stability in the purchasing power of money, weights, balances, and measures, and a wide and equitable distribution of wealth, were the objectives to be attained.

A further answer is to be found in the fact that the people of Israel asked for more earthly pomp and circumstance, and God gave them what they desired. Israel rejected the Divine Rule (1100 B.C.), as may be noted in the following:

"And the Lord said unto Samuel, Hearken unto the voice of the people in all that they say unto thee: for they have not rejected thee, but they have rejected me, that I should not reign over them. According to all the works which they have done . . . wherewith they have forsaken me, and served other gods, so do they also unto thee. Now therefore hearken unto their voice: howbeit

yet protest solemnly unto them, and shew them the manner of the king that shall reign over them." (1 Sam. viii. 7–9.)

Saul was subsequently appointed king (1095 B.C.), after whom came David, first as king over Judah, and then as king over Israel and Judah (1056–1048 B.C.).

In the foregoing we begin to see the two conflicting interests at work in Israel, and their activities will become more manifest as the theme develops. There was a desire by Israel to retain such parts of their religious observances as suited them, to remove God from active participation or interference in the affairs of government, and to replace Him with an earthly king and a series of intermediate beings. In some cases they even added a series of minor gods. Gold as treasure and currency became one of the minor gods. It is still a minor god to-day. But Jehovah was God of gods and King of kings, and Israel's transgression and sin simply threw Jehovah's Majesty into higher relief. God conceived that the greatest of all majestic acts was to judge the fatherless and the widow, and to safeguard the welfare of the poor;[1] but this policy did not suit the carnal minds of Israel, nor does it suit them to-day. Interference of this kind was, and is, unwarrantable. Righteousness may be righteousness—but business is business. These are the conflicting interests, or influences.

The economic system outlined in the Commandments above quoted is perfect, but it may justly be said that there is a very large element of assumption in my interpretation of the Key-Commandment quoted in verses 13–16, Deuteronomy xxv, which is that it calls for a measure of all values, but this criticism will disappear by the time we reach Amos viii. The instructions and broad principles involved are in any event very clear, even though from a scientific point of view the

[1] See also Deuteronomy x, p. 191.

wording does not set forth a positive mechanism. At the time they were formulated a positive mechanism was not to be expected for reasons which I have stated. But His knowledge and understanding of what would be necessary was majestic. No human brain could have conceived the essential mechanism, nor the inevitable trend of events. None could do so to-day without His assistance.

In the quotations which follow it will be seen that the economic theme is a continuous one throughout the Prophets. The complaint against Israel, and subsequently against Judah for their sin and transgression, was a consistent one. In reading them we might readily feel that they were written with particular reference to the events of to-day. There is certainly a very close relation, or resemblance, between the evil consequences which brought about the dispersion of Israel and Judah, and those which have brought about the present collapse of world trade, and the usury, extortion, excess, poverty, and destitution which have accompanied it.

Because of Israel's disobedience, or incapacity, we get the first warning (1451 B.C.) that she was to be dispersed into the nations, and that her name was to be lost:

"Then my anger shall be kindled against them in that day, and I will forsake them, and I will hide my face from them, and they shall be devoured, and many evils and troubles shall befall them; so that they will say in that day, Are not these evils come upon us, because our God is not among us? And I will surely hide my face in that day for all the evils which they shall have wrought, in that they are turned unto other gods." (Deut. xxxi. 17–18.)

"And it shall come to pass, when all these things are come upon thee, the blessing and the curse, which I have set before thee, and thou shalt call them to mind among all the nations, whither the Lord thy God hath driven thee, And shalt return unto the Lord thy God, and shalt obey his voice according to all that I command thee this day, thou and thy children, with all thine heart, and with all thy soul; That then the Lord thy God will turn thy

captivity, and have compassion upon thee, and will return and gather thee from all the nations, whither the Lord thy God hath scattered thee." (Deut. xxx. 1–3.)

(710 B.C.)

"Now go, write it before them in a table, and note it in a book, that it may be for the time to come for ever and ever: That this is a rebellious people, lying children, children that will not hear the law of the Lord: Which say to the seers, See not; and to the prophets, Prophesy not unto us right things, speak unto us smooth things, prophesy deceits: Get you out of the way, turn aside out of the path, cause the Holy One of Israel to cease from before us. Wherefore thus saith the Holy One of Israel, Because ye despise this word, and trust in oppression and perverseness, and stay thereon." (Isa. xxx. 8–12.)

(612 B.C.)

"Lo, I will bring a nation upon you from far, O house of Israel, saith the Lord: it is a mighty nation, it is an ancient nation, a nation whose language thou knowest not, neither understandest what they say. For among my people are found wicked men: they lay wait, as he that setteth snares; they set a trap, they catch men. As a cage is full of birds, so are their houses full of deceit: therefore they are become great, and waxen rich. They are waxen fat, they shine: yea, they overpass the deeds of the wicked: they judge not the cause, the cause of the fatherless, yet they prosper; and the right of the needy do they not judge. Shall I not visit for these things? saith the Lord: shall not my soul be avenged on such a nation as this? A wonderful and horrible thing is committed in the land; The prophets prophesy falsely, and the priests bear rule by their means; and my people love to have it so: and what will ye do in the end thereof?" (Jer. v. 15, 26–31.)

"For from the least of them even unto the greatest of them every one is given to covetousness; and from the prophet even unto the priest every one dealeth falsely. They have healed also the hurt of the daughter of my people slightly, saying, Peace, peace; when there is no peace. Were they ashamed when they had committed abomination? nay, they were not at all ashamed, neither could they blush: therefore they shall fall among them

that fall: at the time that I visit them they shall be cast down, saith the Lord." (Jer. vi. 13–15.)

Now in Amos viii, verses 4–14, we get a summary of Jehovah's full case against Israel, and from this we learn the amazing fact that Israel was dispersed for tampering with the currency system, that is, for failing to provide a just and perfect measure of all values. The prophet Amos prophesied in the period 787–763 B.C., which was before the times of Isaiah, Jeremiah, Ezekiel, and Daniel, which should be noted. The following verses speak for themselves:

(787 B.C.)

"Hear this, O ye that swallow up the needy, even to make the poor of the land to fail, Saying, When will the new moon be gone, that we may sell corn? and the sabbath, that we may set forth wheat, making the ephah small, and the shekel great, and falsifying the balances by deceit? That we may buy the poor for silver, and the needy for a pair of shoes; yea, and sell the refuse of the wheat? The Lord hath sworn by the excellency of Jacob, Surely, I will never forget any of their works. Shall not the land tremble for this, and every one mourn that dwelleth therein?" (Amos viii. 4–8.)

"Behold, the days come, saith the Lord God, that I will send a famine in the land, not a famine of bread, nor a thirst for water, but of hearing the words of the Lord: And they shall wander from sea to sea, and from the north even to the east, they shall run to and fro to seek the word of the Lord, and shall not find it. In that day shall the fair virgins and young men faint for thirst." (Amos viii. 11–13.)

The summary of Jehovah's case against Israel is similar to an instance which I quoted in one of my books written in the early part of 1932, and, needless to say, before I discovered the summary. I then mentioned that in 1920 £100 equalled 28 quarters of wheat, and that by 1932 £100 equalled 77 quarters of wheat. By the latter period the quarters of wheat had been made small,

and the £'s enlarged. Thus does history repeat itself. If we substitute the word 'quarter' for the word 'ephah,' and the word '£s' for the word 'shekel,' we get a precisely similar case to the one which God had against Israel. What a remarkable coincidence this is! And what wonderful prevision and knowledge He had in those far-off primitive days when He formulated the Key-Commandment above, Deuteronomy xxv. 13–16, with which Amos viii should be read. The Key-Commandment would have prevented the shekels from being enlarged, since it calls for a true measure of value.[1]

(1451 B.C.)

"And what nation is there so great, that hath statutes and judgments so righteous as all this law, which I set before you this day?" (Deut. iv. 8.)

(712 B.C.)

"Remember the former things of old: for I am God, and there is none else; I am God, and there is none like me, Declaring the end from the beginning, and from ancient times the things that are not yet done, saying, My counsel shall stand, and I will do all my pleasure." (Isa. xlvi. 9, 10.)

The quotations from Amos viii above are aptly applicable to the World Economic and Monetary Conference of 1933. The representatives of the nations wandered from north to south, and from east and west, to find a solution of the world's economic difficulties on Babylonian lines, but they did not find it, because they lacked the requisite knowledge. They had a thirst of knowledge. The speeches made at the Conference indicated that they were seeking for a solution of the World's economic difficulties by limiting production and introducing quotas with a view to raising prices, which was the wrong basis on which to determine the issue. Before any similar Conference could succeed it must endeavour

[1] This I clearly define in Chapter VIII.

to find a solution on a different line of inquiry—namely, In what way is it possible to bring about a wider and more equitable distribution of wealth? This could be done only by bringing about an increase of consumers' purchasing power based on a just and perfect measure of value as commanded in the Key-Commandment, Deuteronomy xxv. 13–16. There is no alternative. In all rules and regulations there is usually one which dominates or governs the rest, and this applies to the Key-Commandment which is the dominating factor in all the commandments. The measure of value is the dominating factor in Monetary Science.

It will now be observed that unrighteousness emanates from the falsification of weights, balances, and measures, and as mentioned elsewhere in Deuteronomy, from the extortion of usury and from the non-payment of tithe. As each of these aspects of monetary mechanism are interrelated, it may be said that unrighteousness is wholly associated with monetary policy.

(760 B.C.)

"Therefore my people (Israel) are gone into captivity, because they have no knowledge: and their honourable men are famished, and their multitude dried up with thirst." (Isa. v. 13.)

(710 B.C.)

"Hear ye, O mountains, the Lord's controversy, and ye strong foundations of the earth: for the Lord hath a controversy with his people, and he will plead with Israel. O my people, what have I done unto thee? and wherein have I wearied thee? testify against me.

"He hath shewed thee, O man, what is good; and what doth the Lord *require* of thee, but to do justly, and to love mercy, and to walk humbly with thy God? The Lord's voice crieth unto the city, and the man of wisdom shall see thy name: hear ye the rod, and who hath appointed it.

"Are there yet the treasures of wickedness in the house of the wicked, and the scant measure that is abominable? Shall

I count them pure with the wicked balances, and with the bag of deceitful weights? For the rich men thereof are full of violence, and the inhabitants thereof have spoken lies, and their tongue is deceitful in their mouth. Therefore also will I make thee sick in smiting thee, in making thee desolate because of thy sins." (Mic. vi. 2, 3, 8–13.)

Now let us turn to the Ninth Vision of Zechariah as follows:

(519 B.C.)

"And I said, What is it? And he said, This is an ephah that goeth forth. He said moreover, This is their resemblance through all the earth. And, behold, there was lifted up a talent of lead: and this is a woman that sitteth in the midst of the ephah. And he said, This is wickedness. And he cast it into the midst of the ephah; and he cast the weight of lead upon the mouth thereof.

"Then lifted I up mine eyes, and looked, and, behold, there came out two women, and the wind was in their wings; for they had wings like the wings of a stork: and they lifted up the ephah between the earth and the heaven. Then said I to the angel that talked with me, Whither do these bear the ephah? And he said unto me, To build it an house in the land of Shinar: and it shall be established, and set there upon her own base." (Zech. v. 6–11.)

The interpretation of this vision is that evil resides in the midst of the false measure, and that it emanates therefrom. The just and perfect measure is the line of demarcation between good and evil. The extortion and excess which the false measure induced was 'through all the earth' (verse 6). In the vision it was being taken to Shinar in Babylon as a warning that it had already been established in Babylon and set upon her base. Shinar was chosen because it was here that the Tower of Babel was built (Gen. xi. 1–9), the penalty for the building of which was that the people of the nations who built it were given different languages so that they might not understand one another. It should also be observed that Israel and Judah, both of whom had

refused to adopt a just and perfect measure, had been dispersed to Babylon and Assyria, and that the false measure in the vision follows them there.

About eighty-four years previously (603 B.C.) Nebuchadnezzar set up his image of gold on its own base in the plains of Dura in the province of Babylon,[1] which obviously was meant to typify the gold standard, or false measure. And that he gathered all the princes, governors, captains, judges, treasurers, counsellors, sheriffs, and all the rulers of the provinces to a World Economic Conference—the first on record. When they were gathered together they stood before the image, and afterwards it was commanded of the nations and languages 'that whoso falleth not down to worship the image the same shall be cast down into the midst of a burning fiery furnace.' There were three Jews who refused to worship the golden image that was set up, and as a consequence they were bound and cast into the fiery furnace. After their miraculous rescue Nebuchadnezzar believed in the God of Israel and praised Him. But he kept his image of gold and usury, as the nations sought to do at the World Economic Conference (1933), hence the reason for their failure to solve the world's economic and monetary difficulties. The latter was the final Tower of Babel, the representatives of the nations all spoke different languages (all had different ideas), and did not understand one another. They continued to have a thirst of knowledge.[2]

We obtain further enlightenment in Revelation xiii. 18, where we are given the number of the man or second

[1] See Daniel iii. 1 *et seq.*

[2] The World Economic Conference failed because President Roosevelt refused to agree to the temporary stabilisation of all currencies to gold. In this he was wise. But he made a mistake in embarking the U.S.A. upon an inflationary financial policy on the basis of a devalued currency. The temporary advantage gained is being obtained at the expense of the wage-earner, which is a violation of Scriptural law. His plan therefore will not be successful, though it may bring temporary amelioration. See Chapter XI.

beast which came out of the earth. The number given for identification is 666. If we turn to 1 Kings x. 14, we shall find that the weight of gold that came to Solomon in one year was 666 talents. The dimensions of Nebuchadnezzar's image of gold was 60 × 6. The sixes are all identified with gold, which was to be the mark of the beast. No man could buy or sell unless he had the mark of the beast.

It will perhaps be appropriate to quote here a saying of our Lord Jesus Christ addressed to the Pharisees, a sect akin to the Stoics, since it has a very close resemblance to the Ninth Vision of Zechariah:

(A.D. 33)

"Woe unto you, scribes and Pharisees, hypocrites! for ye pay tithe of mint and anise and cummin, and have omitted the weightier matters of the law, judgment, mercy, and faith: these ought ye to have done, and not to leave the other undone. Ye blind guides, which strain at a gnat, and swallow a camel. Woe unto you, scribes and Pharisees, hypocrites! for ye make clean the outside of the cup and of the platter, but within they are full of extortion and excess." (St. Matt. xxiii. 23–5.)

It should be noted that the inside of the cup was full of extortion and excess, and that in the Vision of Zechariah evil resided within the false measure. Now extortion and excess can only be exacted through a monetary system which fails to distribute economic justice and wealth, and the similarity between Christ's saying, the Vision of Zechariah, and the general theme of the Law and the Prophets is very striking. It does certainly help us to understand where the root of all evil is to be found.

In order to show the continuity and consistency of the general theme throughout the Law and the Prophets and the New Testament, I shall now conclude this chapter with the following quotations from James v. 1–9:

(A.D. 60)

"Go to now, ye rich men, weep and howl for your miseries that shall come upon you. Your riches are corrupted, and your garments are motheaten. Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire. Ye have heaped treasure together for the last days.

"Behold, the hire of the labourers who have reaped down your fields, which is of you kept back by fraud, crieth: and the cries of them which have reaped are entered into the ears of the Lord of sabaoth. Ye have lived in pleasure on the earth, and been wanton; ye have nourished your hearts, as in a day of slaughter. Ye have condemned and killed the just; and he doth not resist you.

"Be patient therefore, brethren, unto the coming of the Lord. Behold, the husbandman waiteth for the precious fruit of the earth, and hath long patience for it, until he receive the early and latter rain. Be ye also patient; stablish your hearts: for the coming of the Lord draweth nigh. Grudge not one against another, brethren, lest ye be condemned: behold, the judge standeth before the door." (Jas. v. 1–9.)

It will be seen that St. James severely castigates the rich men, not only for their lack of faith but also for their breach of faith. Their riches were corrupted because by their manipulations of the monetary system they were able to hold back part of the wages of labour. The rich men of to-day are still supporting a similar system, and many are weeping and howling for the miseries which have come upon them. Thus does history repeat itself.

CHAPTER V

THE MERCHANTS OF TYRE, THE GREEK PHILOSOPHERS, AND ARISTOTLE'S MEASURE OF VALUE

MANY people assume that at the times of the dispersion of Israel and Judah that the governors and merchants of those countries could have known very little about the Science of Money (currency), but the evidence which follows will, I think, prove the contrary. In the times we speak of Tyre in Phoenicia was the international trading port through which Israel, Judah, Syria, Assyria, Arabia, Babylonia, India, Egypt, etc., traded their merchandise with other countries, and her merchants certainly knew all about the art of trading to advantage in terms of the precious metals. In view of the close proximity of Israel and Judah to Tyre we may be certain that their merchants were equally knowledgeable. Tyre was placed in many respects as London is to-day. It was 'situate at the entry of the sea, a merchant of the people for many isles.'[1] Even if we had not the express testimony of Ezekiel, it could be inferred that in matters economic the foregoing nations would necessarily have to depend to a large extent on Tyrian trade.

It was the good fortune of the merchants of Tyre to find themselves situated at a convenient centre of the trade routes of the nations of the ancient world. The coastal regions contained the western termini of the great caravan routes from the East, through which merchandise was brought for trading purposes. The merchants of Tyre were also shipowners and built ships

[1] Ezekiel xxvii. 3.

made of the fir-trees of Senir, and the masts of these ships were made of cedar taken from the woods of Lebanon. The ships employed rowers whose oars were made of the oaks of Bashan. They traded with all the Mediterranean ports, and some even sailed as far as Northern Spain and Cornwall to obtain tin. Even in later times Greek observers noted with admiration the exact order kept on board Phoenician ships, the skill with which every corner of space was utilised, the careful disposition of the cargo, the vigilance of the steersmen and their mates.[1] They steered by the Pole-Star, which the Greeks therefore called the Phoenician Star.[2]

In Ezekiel xxvii and elsewhere we are told that Tyre had been engaged in bringing ivory from Chittim; grain, fine linen, papyrus, cordage, pottery, and embroidered work from Egypt; silver, iron, tin, and lead from Tarshish; brass and brass utensils from Javan, Tubal, and Meshech; horses and mules from Togarmah; horns of ivory and ebony from Dedan; carpets and other stuffs from Babylon; emeralds, embroidery work, fine linen, coral and agate from Syria; wheat, honey, oil, and balm from Israel and Judah; frankincense, spices, lambs, rams, and goats from Arabia; precious stones, silk, and ivory from India—all making an extensive inland and sea-borne trade, but which by the time of Ezekiel had declined very much.

As Tyre had been the international trading port, it may be inferred that she had also been the leading financial centre. We have evidence that during the period 1045–992 B.C., that Hiram, king of Tyre, undertook constructional work for King David, and also for his son King Solomon. Hiram built a house for King David made of the cedars of Lebanon, and provided the requisite Tyrian skilled labour such as metal workers, masons, and carpenters. Hiram also undertook the

[1] Xenophon, Œc. viii. 11 sq. [2] Hyginus, Po. Ast. 11. 2.

building of the Temple at Jerusalem for King Solomon, after the style of the best Phoenician architecture, and to provide the necessary gold supplies. The beams, the posts, and the walls of the Temple were to be overlaid with gold. All the Cherubims were to be made of gold, and the Altar of brass.[1] In the actual building operations Solomon provided all the necessary supervisors, who were Israelites.

In payment for the building of the Temple Solomon made annual deliveries to Hiram of wheat, olive oil, and other agricultural products. But the annual exports of these were not sufficient to discharge the adverse balance of trade, and Solomon had to assign to Hiram twenty cities of Galilee, but for some reason Hiram was not pleased with those that were allotted to him. Nevertheless, Hiram supplied another hundred and twenty talents of gold to Solomon.[2]

To cover the cost of building the Temple Solomon imposed taxation upon the people of Israel, and while he remained in favour with God the burden was not onerous on the people, because Israel became exceedingly prosperous. But prosperity turned Solomon's head, and he proceeded to acquire many wives, to embark on a life of extravagance, and to worship other gods; and because of these acts he lost favour with God.

"One from among thy brethren shalt thou set king over thee: thou mayest not set a stranger over thee, which is not thy brother. . . . Neither shall he multiply wives to himself, that his heart turn not away: neither shall he greatly multiply to himself silver and gold. . . . When he sitteth upon the throne of his kingdom, he shall write him a copy of this law in a book . . . that he turn not aside to the right hand or to the left." (Deut. xvii. 15–20.)

Israel's adverse balance of trade became a serious matter, and further taxation was inevitable. The favourite mode of taxation was a tax on turnover. In the mean-

[1] 2 Chronicles iii–iv. [2] 1 Kings ix. 10–14.

time Solomon and Hiram had entered into partnership with a view to undertaking joint trading ventures abroad. They owned a fleet of ships which traded with Tarshish, Ophir, and other places, bringing home gold, silver, ivory, apes and peacocks, and other things; and it is said that the profits derived from this trading were of a substantial nature, but clearly not sufficient to cover the heavy liabilities incurred by Solomon through his extravagant mode of living, which had displeased God.

During the time that Solomon had remained in favour with God all the earth sought the wisdom which God had given him, and his visitors, as in the case of the Queen of Sheba, year by year brought him presents of gold, garments, armour, spices, horses, and mules, and at no other time was Israel so prosperous or magnified.[1] The weight of gold that came to Solomon in one year was six hundred and sixty-six talents.[2] In addition to which he had the profits accruing from his merchantships, and his revenue from Government. All his drinking and other vessels were made of gold and none were of silver, and 'it was nothing accounted of in the days of Solomon.' In other ways silver was in such abundance that it was made to be as stones, which presumably means that it was more extensively used in the form of ornaments, and perhaps in small quantities in bags as currency. Josephus interprets the phrase to mean "that the king made silver as plentiful in Jerusalem as the stones in the street."[3]

"And Solomon had horses brought out of Egypt, and linen yarn: the king's merchants received the linen yarn at a price." (1 Kings x. 28.)

[1] As the building of the Temple had received God's approval, He had in His own way more than provided for the cost of building it. This point should be noted.

[2] 1 Kings x, and compare the number 666 talents with Revelation xiii. 18. The beast here referred to would seem to be gold.

[3] *Josephus*, Vol. VII, p. 38, by Whiston.

Whether these merchants were of Tyre or Israel is not said, but it may be assumed they were of Israel, who had arrangements with those of Tyre for finishing the yarn and dyeing it.

It should be noted that in the days of Haggai the prophet (520 B.C.) he inquires of the old men:

"Who is left among you that saw this house in her first glory? and how do ye see it now? is it not in your eyes in comparison of it as nothing?" (Hag. ii. 3.)

We then have evidence that after King Solomon's death, and after the election of his son Rehoboam as king, that the people of Israel spoke to Rehoboam objecting to the onerous burden of taxation resulting from Solomon's extravagance, and that they appealed for the burden to be lightened. But Rehoboam refused the counsel of the wise old men, accepted that of the young men, and threatened to increase the burden, and this attitude, plus the defects of the monetary system and the prevalent discontent, ultimately led to his dethronement.

"Then shall ye return, and discern between the righteous and the wicked, between him that serveth God and him that serveth him not." (Mal. iii. 18.)

The merchant ships of Tyre sailed 'into great waters' for trading purposes, and for the purchase and capture of slaves, yet their riches, fairs, merchandise, mariners, pilots, calkers, their store-houses, and all the merchants of Tyre were to fall 'into the midst of the seas in the day of its ruin' by way of retribution. The trading and financial methods of the merchants were full of extortion and excess:

"When thy wares went forth out of the seas, thou filledst many people; thou didst enrich the kings of the earth with the multitude of thy riches and of thy merchandise. In the time when thou shalt be broken by the seas in the depths of the waters thy merchandise and all thy company in the midst of thee shall

fall. All the inhabitants of the isles shall be astonished at thee, and their kings shall be sore afraid, they shall be troubled in their countenance. The merchants among the people shall hiss at thee; thou shalt be a terror, and never shalt be any more." (Ezek. xxvii. 33–6.)

"Son of man, say unto the prince of Tyrus, Thus saith the Lord God . . . Behold . . . with thy wisdom and with thine understanding thou hast gotten thee riches, and hast gotten gold and silver into thy treasures: By thy great wisdom and by thy traffick hast thou increased thy riches, and thine heart is lifted up because of thy riches." (Ezek. xxviii. 2–5.)

"Behold . . . strangers . . . shall bring thee down to the pit, and thou shalt die the deaths of them that are slain in the midst of the seas. . . . Thou hast defiled thy sanctuaries by the multitude of thine iniquities, by the iniquity of thy traffick." (Ezek. xxviii. 7, 8, 18.)

The merchants of Tyre, who were mostly Semitic in origin, were really the middle-men and general carriers of the ancient world, and no doubt employed a credit system, but it is safe to assume that the credits created in those days were not used as monetary units, as is the case to-day. The merchants of the countries trading with the merchants of Tyre were no doubt given credit for the goods which they sent for disposal, which credit enabled them to purchase the other forms of merchandise they required, any difference being paid or received in gold and/or silver as bullion. The business might have been done on a commission basis, but the available evidence indicates that a system of purchase and sale was employed without stable market quotations. In other words, a system of barter was employed without a measure of value. Such a form of 'traffick' lent itself to abuse, because, in the absence of a proper measure of value, merchants could perpetrate extortion and excess both on producers and consumers. They were evidently equally unscrupulous in the methods they employed in the conduct of their foreign trade. They 'made the

ephahs small, and enlarged the shekels, thereby falsifying the balances by deceit,' and this, as in the case of Israel and Judah, brought about their dispersion.

The great centre of Phoenician colonisation was the western half of the Mediterranean and the Atlantic coasts to the right and left of the Straits of Gibraltar. The trade with Tarshish, that is, the region of Tartessus, made the commercial greatness of the Phoenicians; for here they had not only profitable fisheries, but above all rich mines of silver and other metals. The untutored natives had little idea of the value of the metals; for long there was no competition, and so the profits were enormous; it is said 'that even the anchors of the ships returning from Spain were made of silver.'[1]

Other people eventually shared in the mercantile trade of the Eastern Mediterranean—the Arabians, Cretans, and Greeks. But prior to the time of Ezekiel the most numerous and enterprising were the Phoenicians, who also maintained a trading centre at Memphis, and as the trade of the Egyptians declined so it gradually fell into the hands of the Phoenicians, the zenith of whose trade would appear to have been reached about 750 B.C. About 650 B.C. the Greeks began to supplant the Phoenicians in the Egyptian trade,[2] and it is noteworthy that Ezekiel (xxvii. 7) makes no specific reference to the character of the trade done between Egypt and Tyre at that time.

[1] Diod. v. 35.

[2] On receiving payment for his goods in money, the trading merchant might sail home with it. This, however, took place seldom, partly because the money current at one seaport was usually not taken at another, except at a considerable reduction, every city having its own types and monetary standard. They were certain kinds of coin which had a more general circulation, such as the silver coin of Athens and afterwards that of Alexander the Great in the Levant. Usually the money received by merchants had to be either expended by them in the same or a neighbouring port, or else taken away and melted down in order to pass as bullion. Transactions among Greeks took place for money, but, in dealing with the barbarians, the Greeks retained barter at all periods of their trade. (*History of Ancient Coinage*, by Percy Gardner, pp. 12–13.)

He passes it over in silence, and merely refers to the evil times that had been, which the merchants might regard as having been good times.

The Phoenicians of Tyre were also celebrated for their manufactures, notably for glass-work, textiles, embroideries, and purple-dyeing, the latter of which was favoured by the existence of the purple-giving murex, a shell-fish which was, and is still, found in large quantities along the coast of Phoenicia (now Palestine) and Asia Minor. The Phoenicians brought the art of purple-dyeing (dark red and dark blue) to a high state of perfection, and spread a knowledge of it. Garments or hangings dipped in Tyrian purple were among the most treasured possessions of kings and rich men in every land.

In origin the Phoenicians were presumed to have been a distinct race from the Hebrews, Semitic in origin, and their vocabulary coincided most nearly with later Hebrew. At a very early period Semitic words were adopted into Greek from Phoenician; and it is also quite certain that the Phoenicians had at least a great share in the development and diffusion of the alphabetic character which forms the foundation of all European alphabets.[1] In other particulars also the ancients looked on the Phoenicians as the inventive people *par excellence*: to them as the great trading nation was ascribed the invention of

[1] "The so-called Assyrian language is subdivided into the two dialects of Assyria and Babylonia, the latter dialect being characterised by a preference for the softer sounds, and a fuller use of the vowels. The closer affinities are with Hebrew and Phoenician; it shares their peculiarities in phonology, grammar, and vocabulary; and some obscure points in Hebrew etymology have already been cleared up by its help. Next to Hebrew, it shares perhaps the greatest resemblance to Arabic." (*Encyclopaedia Britannica*, 9th Edition, Vol. III, p. 192.)

"It must be remembered that both Phoenicians and Hebrews profess to have migrated from Chaldea." (*Ibid.*, p. 193.)

"But the old shamanistic ideas survived also in Assyria and Babylonia and so were handed on to the Jews. . . . Even the phylacteries of the Jews go back to the same origin." (*Ibid.*, p. 193.)

Arithmetic, Measure, and Weight, which are presumed by some authorities to be really Babylonian in origin, which opinion is very much open to question in view of the Key-Commandment relating to weights and measures in Deuteronomy xxv (1451 B.C.). Though it must not be forgotten that Israel was dispersed to Babylon (721 B.C.), some no doubt to Tyre and other foreign parts, and that Babylon is referred to frequently in Scripture. We have also to remember Zechariah's vision of the false measure being taken to Shinar in Babylon, and there established on its own base. Yet the Phoenicians may justly be given credit for having communicated the arts to all the nations bordering on the Mediterranean. Scripture teaches that the merchants of Israel and Judah were fully aware of the need for just weights and measures, as may be observed in Proverbs xi. 1 (1000 B.C.), where it is said: 'A false balance is an abomination to the Lord: but a just weight is His delight.'

This then is a brief economic history of the Phoenicians and of the merchants of Tyre, and we must now turn to the Greek Philosophic School for further enlightenment as to the probable knowledge possessed by the governors and merchants of Israel, Judah, and Tyre regarding the implications which ensued from the use of gold and silver in their trading transactions, bearing in mind Jehovah's full case against Israel outlined in Amos viii (see p. 78). It is necessary that we should obtain all the information we possibly can, so that we may the more clearly understand not only the prevailing thought of the time, and the true meaning of Amos viii, but also the lesson which Scripture teaches us regarding the line of demarcation between good and evil.

It may be said that the Greek philosophic School began with Socrates about 445 B.C., who started life as a sculptor, which he abandoned for philosophy. Socrates

made himself acquainted with geometry and astronomy, and studied the methods and doctrines of the leaders of Greek thought. It has been said that Socrates had no system of philosophy, strictly speaking, and that he was not even a teacher but merely an educator. What the subtle difference is between a teacher and an educator it is difficult to see. And that he rejected the pursuit of knowledge for its own sake. The mere fact that he excluded a study of physics from his system of philosophy does not prove that he was not a philosopher, because in excluding physics he was wise. At any rate, he can be given credit for having sown the seed for the Philosophic Schools which followed. Socrates was content to investigate the principles which distinguished good from evil, and here again he was right, for reasons which will be advanced later.

Socrates was born about 471 B.C., and the tragedy associated with his death occurred in 399 B.C. Some years later there arose several Schools of thought, about eight in all, the most notable being the Stoics, which was founded about 304 B.C. by Zeno of Citium, who was of Phoenician descent. Zeno drew most of his adherents from the countries which were the seat of Hellenistic (as distinct from Hellenic) civilisation. Hardly a Stoic of eminence was a Greek, but there were three notable exceptions—namely, Aristo of Chios, Cleanthes of Assus, and Panaetius of Rhodes. The Stoics were supported by the learned men of Arabia, Phoenicia, Syria, Babylon, Asia Minor, Cyprus, and Carthage, and we may be certain also by some of the learned of Israel and Judah who by this time had been dispersed to the nations. It is recorded that most of the Greek philosophers were of Semitic origin, and that in all they taught 'there breathed that enthusiasm for righteousness in which could be traced the earnestness of the Semitic spirit.' Now the Semites are the descendants of Shem, as the Israelites

are through Abraham, Isaac, and Jacob. And it will be of interest also to note that in Aristotle's *Poetics* reference is made to a play based on Joseph's life in Egypt, and the incidents associated with the visit of his father Jacob.

Josephus, the Jewish historian and philosopher, also states[1] that when he was sixteen years of age, and after studying successively the doctrines of the three leading sects of Judaism (Pharisees, Sadducees, and Essenes) he attached himself to a hermit, who was a Pharisee, for a period of three years in order to study and practice the doctrine of the Pharisees; and that after accomplishing his purpose, he 'returned back to the city, being now nineteen years old, and began to conduct myself according to the sect of the Pharisees, which is of kin to the sect (school) of the Stoics, as the Greeks call them.' Josephus here indicates that there was a close intercommunication or resemblance between the intellectual thought of Palestine and the Greek Schools of Philosophy.

There was another School of philosophy termed the Cynics, whose name was derived from the fact that they originally met in the gymnasium called Cynosarges, or from their habits and temper. The founder was Antisthenes, a disciple of Socrates, who, adopting the Socratic doctrine that the sole aim of philosophy was to attain to a knowledge of right conduct, which was not to be found in pleasure but in virtue, carried this doctrine to extreme, teaching that both pleasure and theoretical knowledge were to be despised. The Cynic was marked by his intense scorn of all other men and the insolence with which he expressed it. The later Cynics, losing the Cynic virtue of self-control, sank to mere beggars and brutal sensualists. They existed for about a century, reviving for a short while in the first century A.D.

There was yet another School of thought known as the Sophists, which began its career in 447 B.C., some-

[1] *Josephus*, Vol. I, p. 3.

what earlier than the Stoics or the Cynics. The Sophists were not philosophers, but taught grammar, style, writing, literature, and oratory, while the members of the later periods of the School were professed rhetoricians and politicians, and this brought the charge against them that they sought, whether in exposition or debate, not truth but the establishment of their view by persuasion —whether right or wrong. The politicians of to-day are, with some notable exceptions, afflicted very much with this same disease.

Throughout the times to which reference is made there was a great struggle for the establishment of virtue and economic truth, and I propose to follow this line of thought through the works of Socrates, Plato, and Aristotle only, as I am mainly concerned with the works of the latter, which are the most important from the point of view of the economic thesis, or system, we are discussing. As one writer has stated, 'we must now proceed to the more complicated task of tracing the fuller development of the Socratic germ to its Platonic blossom and Aristotelian fruit.' The essence of Aristotle's economic philosophy coincides in a most remarkable way with the teaching of Scripture, and, as far as broad principles go, he was certainly the most successful of the Greek philosophers.

Socrates believed that moral error was intellectual error translated into act, and that he who would live virtuously must first rid himself of ignorance and folly. He was always careful to place himself upon the standpoint of ignorance, and to invite others to join him there. For proof of the existence of the divine he appealed to the providential arrangement of nature, to the universality of the belief, and to the revelations and warnings which are given to men through signs and oracles.[1] Thinking

[1] Socrates believed that his thoughts were divinely inspired by the supreme God. The God of gods.

that the soul of man partook of the divine, he maintained the doctrine of its immortality as an article of faith but not of knowledge. While he held that man should pray, not for particular goods but only for that which is good; and he was regular in prayer and punctual in sacrifice, believing that the gods alone knew what is for man's benefit.

Socrates also believed that where there is knowledge —and practical wisdom was the only knowledge he recognised—right action would follow, for no one would knowingly prefer evil. (Here Socrates overlooked the question of self-interest.) And that if there were cases in which men seemed to act against knowledge, the inference to be drawn was that such action constituted ignorance. Virtue was knowledge realising itself in act, and that it could be acquired by education and training. But if virtue is knowledge, What has this knowledge for its object? Its object is the Good. What then is the Good? Nothing but the welfare of the individual which becomes a measure of conduct and the foundation of all moral rule and legal enactment.

In these few words we obtain sound ethical instruction from Socrates but not a mechanism, which should be noted.

Plato tells us that Socrates' view of the truth was that:

> "God is never in any respect unjust, but as just as possible, and that there is not anything that resembles him more than man. Amongst us who has likewise become as just as possible. And on this depends the true excellence of a man, and his nothingness and worthlessness. For the knowledge of this is wisdom and true virtue, but the not knowing is the manifest ignorance and vice." (*Plato*, Vol. I, p. 411, Cary.)

For the purpose of pursuing the Socratic line of thought through Plato to Aristotle the following quotations taken from Plato's book of laws should be noted. Plato gradually enlarged the economic theme:

"Let the seller of anything in the market-place never mention two prices of what he is selling; but after mentioning a simple one, if he does not meet with it, let him take the article back again, and justly so, nor value it for that day at a greater or less sum. Let puffing and oaths be absent in the case of everything sold." (*Plato*, Book XI, p. 463, Cary.)

"He who exchanges either money for money, or anything whatever for anything else, either with or without life, let him give and receive them genuine and unadulterated in accordance with the law." (*Plato*, Book XI, p. 487, Jowett.)

"Retail trade in a city is not by nature intended to do any harm, but quite the contrary; for is he not a benefactor who reduces the inequalities and immeasurabilities of goods to equality and measure? And this is what the power of money[1] accomplishes, and the merchant may be said to be appointed for this purpose." (*Plato*, Book XI, p. 489, Jowett.)

"Everyone is a benefactor who reduces what is unequal to symmetry and proportion." (Introd. *Plato*, Book XI, p. 158.)

From the above quotations we begin to get a clear idea of the methods of trading which prevailed not only in Greece but also in Phoenicia, Israel, and Judah. The merchants in the market-place indulged in extortion and excess to which reference was made in Scripture before the philosophers. The merchants also resorted to puffing and oaths in order to sell their wares at their initial asking price, which was always subject to reduction if the buyer was shrewd enough. Similar instances still occur in the bazaars of the East. It should be noted that Plato also states 'that everyone is a benefactor who reduces what is unequal to equity and proportion.' This proposition is developed by Aristotle to a logical conclusion.

Let us now briefly examine that part of Aristotle's philosophy which leads up to his measure of value, and we shall find that his moral code, especially his mean or equal between the extremes of injustice, between

[1] See footnote, p. 102.

taking too much and giving too little, closely approximates to Scriptural teaching as interpreted thus far. According to Aristotle[1] if we receive a sound moral training we shall attain to higher capacities for intellectual happiness, whether derived from the contemplation of abstract truth, or of the perfections and attributes of the Deity. The Christian economic philosopher will appreciate this point of view, for he knows it is revealed to us that in divine things moral training is the way to intellectual contemplation, and that the heart is the way to the understanding. As Christ has said (John vii. 17), 'If any man will do (God's) will, he shall know of the doctrine, whether it be of God.' It is plain then that if the Greek philosophers, as Gentile moralists, have taught us how to attain to happiness, they have done so in accordance with the principles of human nature, and therefore with the Laws of God, Who is both the Author of righteousness and of revelation.

Aristotle was also of the opinion that we could not possibly strike an accurate mean between truth and evil, between justice and injustice, without a measure of value, and that it would seem to be necessary, at least for the preservation of the truth, that we should do away with private feelings, especially as we are philosophers; for both being dear to us, it was a sacred duty to prefer truth. Happiness to him appeared to be a something perfect and self-sufficient, being the end of all human action, and that we obtained the maximum of it from well living and well doing. He believed happiness to be the best, the most honourable, and the most pleasant of all things. But, nevertheless, it appeared to stand in need of the addition of external goods, for it was impossible, or not easy, for one who was not furnished with external means, to do honourable actions; for many things are done as it were

[1] *The Nicomachean Ethics of Aristotle*, translated by R. A. Browne, M.A., Ph.D.

by means of instruments, by friends, by money, or by political interests. From this he concluded that there was a need for the addition of external prosperity, which enabled some people to say that good fortune was synonymous with happiness, and with others virtue.

Aristotle was also of the opinion that happiness was a Divine Gift, that it was the gift of God to men, inasmuch as it was the best of all human qualities. It appeared to be the most divine of all things, since the prize and end of virtue seemed to be something which was God-like and blessed, and therefore the best.

Aristotle qualified his thesis by saying that material prosperity was not essential to happiness, but nevertheless that human life stood in need of it as an addition. And that no man praised happiness as he would justice, but he would call it blessed on account of it being something divine and excellent.[1] Stability did not exist in any human thing so much as in virtuous energies, for these seemed to be more permanent even than the sciences; and that virtue was a habit.

He then goes on to say that in everything there is a mean. In the division of property and wealth it was possible to take the greater, the less, or the equal, and in his view equal is some mean between excess and defect. Equal was a line which existed equidistant from both of the extremes, and this was one and the same in all cases. And by the mean he meant that which was neither too much nor too little for us. (It should be observed here how close this doctrine corresponds to

[1] Aristotle has also stated that Solon perhaps gave a good description of a happy man when he said, "that it was he who was moderately supplied with external goods, that had done the most honourable deeds, and lived temperately; for it was possible for men who had moderate possessions to do what they ought to do; and that the happy man will need external prosperity, for human nature is not sufficient of itself for contemplation. The body must be in health, and it must have food and all other care and attendance." (*Ethics*, Book X, Chapter VIII.)

the line of demarcation which exists between good and evil in Scripture, and which I have already discussed.)[1]

And again that it was easy to miss a mark, but difficult to hit it; and therefore for these reasons excess and defect belonged to vice, and that the mean, or equal, belonged to virtue. His view being that we are good in one way only, but bad in all sorts of ways. Virtue was therefore a habit, accompanied with deliberate preference for the relative mean as the prudent man would define it by reason. The mean was a state between two vices, one in excess, the other in defect; and that it was so because one division fell short of what was right and the other exceeded what was right, both in passions and action, whilst virtue discovered the mean and chose it.

Of distributive justice Aristotle held the view that a just act was a mean between two things, and between two persons of wealth or of any of those other things which can possibly be distributed among the members of a political community. Voluntary transactions were to him selling, buying, lending, pledging transactions, borrowing, depositing of trusts, and hiring. Involuntary transactions were theft, adultery, poisoning, pandering, assassination, violence, false witness, evil speaking, imprisonment, and death.

He then leads us on to the conclusion that if there were no equality in exchange transactions there would be no bond to hold commercial dealings together. In exchange there was no reason why the work of one man should not be better than the work of another, and this in his opinion should be equalised, and that this was true in the case of all other arts. Unless equality were observed between two parties to an exchange, both as regards quantity and quality it would put an end to their transactions. [This, of course, is not the case as present experience has proved. Transactions would continue but on a

[1] See Chapter III.

limited and unequal basis, which would, of course, perpetuate the economic injustice.]

And now we come to the kernel of the argument:

"Therefore it is necessary that all things, of which there is interchange, should be in some manner commensurable. And for this purpose money came unto us;[1] and it is in some sense a medium, for it measures everything; so that it measures excess and defect; for example, it measures how many shoes are equal to a house or to a certain quantity of food. As therefore the builder to the shoemaker, so must be the number of shoes to the house or the food; for if this be not the case, there will be no interchange, nor commerce. But this proportion cannot exist, unless the things are in some manner equal. It is therefore necessary that all things should be measured, as was before said, by some one thing."

"Now demand is in reality the bond which keeps all commercial dealings together. For if men wanted nothing, or not so much, there would not be any, or not so much commerce.[2] But money is as it were the substitute for demand; and hence it has the name

[1] As the word 'money' is derived from 'moneta,' see p. 137 herein, several translators of Aristotle have used this word in error. After studying several translations, the true meaning of the first two sentences would appear to be 'stamped pieces of metal or coins which serve as currency and as a mean or middle term between things that differ in value,' or, 'as a link between all things that are commensurable.'

There is a translation by Robert Williams, 1876, pp. 129–31, which seems to be more explicit than the sentences referred to, and it reads as follows:

"And to meet this want was the origin of a currency, which serves, as it were, for a mean between things that differ in value; for it is the one common measure of all commodities. . . . Of course things so widely different (as commodities) cannot really be referred to any common standard; but still, for all practical purposes, we can make a reference with sufficient accuracy."

The conclusion I have come to is that Aristotle favoured a numerical expression, but that he had to be content with gold and silver stamped coins in view of the primitive conditions which existed in his time.

[2] These two sentences of this paragraph have been translated by F. H. Peters, M.A., in his work, to read as follows: "This measure is, in fact, the need for each other's services which holds the members of a society together; for if men had no needs, or no common needs, there would either be no exchange, or a different sort of exchange from that which we know."

νόμισμα, because it is not so by nature, but by law, and because it is in our own power to change it, and render it useless."

"As, therefore, the agriculturist to the shoemaker, so is the work of the shoemaker to that of the agriculturist. But when they make an exchange, it is necessary to bring them to the form of a proportion, for otherwise one extreme will have both excesses of the mean. But when they have built their own rights they are equal, and able to deal with one another, because this equality is able to take place between them."

"But with a view to future exchange, if we have at present no need of it, money is, as it were our surety, that when we are in need we shall be able to make it; for it is necessary that a man who brings money should be able to get what he requires. But even money is liable to the same objection as other commodities, for it is not always of equal value; but, nevertheless, it is more likely to remain firm. Therefore all things ought to have a measure of value; for thus there will always be exchange, and if there is this, there will be commerce. Money, therefore, as a measure, by making things commensurable, equalises them; for there could be no commerce without exchange, no exchange without equality, and no equality without the possibility of being commensurate. Now, in reality, it is impossible that things so widely different should become commensurable, but it is sufficiently possible as far as demand requires. It is necessary, therefore, that there be some one thing; and this must be decided by agreement."

"Now we have said what the just and what the unjust are. But this being decided, it is clear that just acting is a mean between acting and suffering injustice; for one is having too much, and the other too little. But justice is a mean state, but not in the same manner as the before-mentioned virtues, but because it is of a mean, and injustice of the extremes. And justice is that habit, according to which the just man is said to be disposed to practice the just in accordance with deliberate preference, and to distribute justly, between himself and another, and between two persons; not so as to take more of the good himself, and give less of it to the other, and inversely in the case of evil; but to make an equal share according to proportion; and in like manner between two other persons. But injustice, on the contrary, is all this with respect to the unjust; and this is the excess and defect of what is useful and hurtful, contrary to the proportionate."

"Wherefore injustice is both excess and defect, because it is productive of excess and defect; that is, in a man's own case excess

of what is absolutely good, and defect of what is hurtful; but in the case of others, his conduct generally is the same: but the violation of proportion is on either side as it may happen. But in the case of an unjust act, the defect is the being injured, and the excess to injure. Now, respecting justice and injustice, and the nature of each, as also respecting the just and the unjust, let the manner in which we have treated the subject be deemed sufficient."[1]

Aristotle does not seem to have been given sufficient credit for his wonderful thesis on the monetary aspects of his philosophy. Several learned scholars have criticised Aristotle for his curious economic theories, but this mistaken view is probably due to the fact that learned scholars are not always at their best when dealing with the ethics of the monetary system as constituted. To deal with these adequately it requires a practical knowledge of the workings of the mechanism of the system. There are all sorts of ways in which good intentions can be defeated by the manipulations of monetary mechanism as at present constituted, and these are not always observable by scholars. Hence the value of practical experience.

One scholar has written of Aristotle ' that the deliberate looseness which is thus given to his fundamental doctrine characterises more or less his whole discussion of ethics. . . . Nor is his famous general formula for virtue, that it is a mean or middle state, always to be found somewhere between the vices which stand to it in the relation of excess and defect, of much avail in rendering his treatment more systematic.' It is evident that this scholar has no deep knowledge of Monetary Science else he would have seen that Aristotle's ' famous general formula ' was a positive mechanism designed to deal with the excess and defect to be found within the monetary system as constituted, and that it was not designed to deal with virtue which is an attitude of mind.

[1] *The Nicomachean Ethics of Aristotle*, translated by R. A. Browne, M.A., Ph.D., pp. 130–2. The summary which I have developed from Aristotle's philosophy is also taken from this translation.

Without a comprehensive knowledge of Monetary Science he could not begin to understand Aristotle's famous formula, and for this reason he had no justification for the criticism he made.

The broad principles of Aristotle's ethics are sound, but his mistakes were (1) in assuming that a gold and silver coinage could measure everything equitably or justly. He began by illustrating quite correctly that there was a direct relationship between exchangeable things, but he then committed a serious error, and by so doing changed his thesis, by saying that there was no direct relationship between exchangeable things, inasmuch as it was necessary first of all to measure exchangeable values by a metallic currency, which he erroneously conceived to be the measure of value. He thus established the mistaken view, which still exists, that the only exchangeable value which exchangeable things have is that which gold or silver money permits. In his own words, 'it measures how many shoes are equal to a house or to a certain quantity of food.' And (2), which follows from the first argument, in assuming that a metallic currency was the substitute for demand. He spoke truly when he said 'that demand is the bond which keeps all commercial dealings together,' but demand cannot arise from a metallic currency because the true measure of value can only be a numerical expression; hence demand cannot arise from nothing. Demand can only arise from the needs of humanity, and from the labour energy and effort expended in the production and acquisition of wealth. For it is clear that labour can be paid only out of the product or services on which it may be employed, and excess or defect, or the mean or equal, will depend on the particular mechanism that may be employed to measure what labour is entitled to.

It is obvious, however, that Aristotle saw a flaw in his argument, for he states that " even money (currency) is

liable to the same objection as other commodities, for it is not always of equal value; but, nevertheless, it is more likely to remain firm."[1] Ricardo developed this same argument as late as the last century, as most of the orthodox economists have done since, and for this reason Aristotle is entitled to a great deal more credit than he has been given, not only for the originality of his views, but because his views on balance are sounder than those which are taught to-day. It should also be observed that he argues very soundly when he says " that there could be no commerce without exchange, no exchange without equality, and no equality without the possibility of being commensurate. . . . It is necessary, therefore, that there be some one thing; and this must be decided by agreement." This is the real truth, because it has still to be decided, and it is the decisive factor in Aristotle's thesis. If this truth had been extracted and developed it is possible that Aristotle's errors to which I have referred, and which are perpetuated to-day, might by this time have been eliminated from Monetary Science. The sphere of good might possibly have been divided from the sphere of evil, giving us all an opportunity to put into practice the virtues which he has so ably enunciated.

* * * * *

Aristotle was right in claiming that economic philosophy should embrace ethics, economics, and politics,

[1] Since writing this chapter I have found this assumption of mine to be correct. In his book *Politics and Economics*, Aristotle clearly defines the distinction between wealth and stamped coins or metallic money. Instead of rewriting this chapter—which is unnecessary—I have added to the one which follows in order to render justice to his memory. The main point in his thesis would seem to have escaped learned scholars. Considering the days in which he lived, Aristotle's analysis is amazing, but he no doubt drew the inevitable inferences from Solon's reforms. As I interpret his thesis, it will be seen that his views and mine really coincide.

and that the objective aim of any branch of science was to achieve the 'good.' In part this is what Christianity teaches. The philosophy of physics cannot help us much, because the earth, the universe, and all that is therein were created by God—Who is Mind. And we may be certain that all that belongs to nature is regulated, well proportioned, and stabilised, and that nothing we could do could improve upon or vary nature by one jot or tittle. It would be presumptuousness on our part even to think of it. Nature is doing her work marvellously well, and she reveals to us without further testimony, as she did to the Greek Schools of Philosophy, that there is a God Who created the Universe and all that is therein. Furthermore, a study of physics requires a deep knowledge of mathematics, and this higher knowledge, being limited to a few, would put a knowledge of God, if it were to be found only in that way, beyond the intelligence of all below the highest standard. St. Augustine has stated in his *Confessions* that Neoplatonism failed because (1) it lacked a religious founder, (2) it could not tell how the state of inward peace and blessedness could become permanent, and (3) it had no means to win those who were not endowed with the speculative faculty. There is only one way by which we may successfully bring the masses to God and that is through our good actions one to another—the visible and outward expressions of our Faith. The masses wish to see God in these actions as well as in nature. To simple minds God has to become a visible impression—spiritually as well as materially.

But it will be seen that Aristotle also held the view that the objective end of every sphere of activity should be the general good, and that in order to prevent excess and defect it would be necessary to adopt a measure of value, which in his opinion was the controlling mechanism; and even though the one he recommended

contained fundamental errors, these in no way destroy his thesis. The broad principles which he established coincide in a most remarkable way with the Mosiac Law, which is not without significance. Yet they were not as positive as the Key-Commandment when read in conjunction with Amos viii; though they do indicate to us the implications of the currency systems of ancient days, which information is necessary if we are to understand Scriptural teaching more clearly.

In the days of Israel and ancient Greece gold and silver were bought and sold by weight, and were intended to be used as an aid to barter—not to displace it. But in those days, as in the present, the precious metals had no stable value, and they were sold by weight with a fluctuating market price. We have seen that the anchors of the ships returning from Tarshish to Tyre on certain voyages were made of silver. And that at one time in the days of Solomon silver was made to be as stones. But as gold and silver were imperishable commodities their prices were the firmest of all market prices, and therefore as commodities or treasure they were the most desirable. Hence the system of barter began to be displaced by a metallic standard, and, as the metals were insufficient for this purpose, the purchasing power of the shekels of silver became enlarged, thereby falsifying all balances by deceit. This enables us to understand more clearly the true meaning of Amos viii.

One great truth expressed by Aristotle was that money as a measure (if we assume money to be a 'currency' not based on gold or silver) should constitute a line or a mean between excess and defect—between him that took too much of the 'goods' and offered too little. In his opinion happiness could not be fully realised unless man obtained an equitable share of the 'external goods,' and in this he included the necessaries of life as well as legal

justice. And that this equitable distribution should be the objective end of all individual and collective actions. This thesis closely resembles the teaching of Exodus xvi. 18, where it is said: 'He that gathered much had nothing over, and he that gathered little had no lack.'

Thus Christian economic philosophy should be concerned with teaching that Christian religion covers all those spheres of activity which men directly control, individually and collectively, and that these spheres are the Science of Money, Economics, Law and Politics. And that when these have been correlated with Christian Ethics that we shall then be on the way to establish a righteous materialism for the good of all.

But it should be noted that there is a very definite distinction to be drawn between (1) the form of materialism advocated by some of the Greek Schools of Philosophy, (2) the sordid materialism of to-day—which takes too much of the 'goods' and offers too little, and (3) the righteous materialism advocated by Scripture. These three forms may be defined as follows:

(1) The materialism included in philosophy, ancient and modern, which is concerned with physics proper. This relates to nature the construction and mechanism of which is beyond the control of man. Evil is not to be found in reality: thus from an ethical and human point of view, physics cannot be regarded as the highest of the sciences. On the other hand, nature is humanity's capital, and human activity should be concerned only with the distribution of what she yields in the way of income.

(2) The sordid materialism of the carnal mind, which takes too much of the 'goods' of this life and offers too little. These are the two extremes of injustice, and they are known in Christian economic philosophy as excess and defect. In Scriptural teaching they are known as extortion and excess—products of the false measure.[1]

[1] Further instances of the kind of sordid materialism which existed in ancient days will be found in the next chapter. They will be found to be similar to those which are practised to-day.

(3) The righteous materialism of Scripture, which is concerned with the fulness of the earth, and its equitable distribution. The products of nature are humanity's income. Humanity should thus be solely concerned with the equitable distribution of nature's dividend. God provides the wealth, but man has to distribute it equitably through a perfect and just measure of value which is called for by the Key-Commandment.

The distinction drawn between each of the forms of materialism is a considerable one. But with regard to item (3) it will be necessary to impose a mean or equalising factor equidistant between excess and defect. And the most effective way of doing this will be to adopt a measure of value so that we may separate the sphere of good from the sphere of evil, thus enabling us to enclose good and gradually to destroy evil. The measure of value should only function as a 'middle term' or 'numerical expression,' and if it functions in this way it will ensure an equitable distribution of the 'goods' between all sections of the community. After this has been achieved humanity can then decide whether it will live definitely within the sphere of good or the sphere of evil, and if the choice is left to humanity there can be no doubt as to what that choice will be.

Before concluding this part of the discussion it will be necessary to refer to an address[1] recently delivered by Sir Herbert Samuel, M.P., President of the British Institute of Philosophy, to the members of the Institute, for there is much to be found in it that is of immediate interest. In view of the importance of Sir Herbert's position due regard should be paid to what he has to say. In the opening part of his address he states that 'no theology, eastern or western, can escape the questions put by Epicurus,' and, as many people are asking these same questions to-day, it is desirable that they should be dealt with here: 'Is God willing to prevent evil, but not able? Then He is impotent. Is He able

[1] *The Tree of Good and Evil* (Publisher, Peter Davis).

but not willing? Then He is malevolent. Is He both able and willing? Whence then is evil?'

To these questions Sir Herbert gives no clear answer, but he proceeds to discuss the problem of evil in a very able way as follows:

"Those, however, who do not accept the doctrine of the reality of Values are free to reject also the whole conception of Evil as an entity. This is by no means an assertion that there are no particular evils. Obviously there are. The Spirit of Pity may wander through the world and find everywhere the tale of suffering. Here an earthquake has destroyed a town and with it a thousand lives; there a drought, and there a flood, has brought disaster. In one place the people are half-starved by the barrenness of their soil; in another they are saturated with some endemic disease; in another they sicken in the polluted atmosphere of a crowded city. Here is a man broken by some accident, and here a woman dying of a painful illness, and here a child blighted from birth by some inherited defect. Everywhere are the victims of 'man's inhumanity to man'—those who pay the toll to war, or crime, or sin, or social injustice. And in the animal world we seem to see prevailing almost universally a chronic ruthlessness of mutual slaughter. When the Stoics said 'there is no evil,' they were using rhetoric, not expressing a fact. They meant 'steel yourself against evil, and you may regard it with as much indifference as if it did not exist.' For it is plainly not true that there is no evil in the world.

"But what is true, I submit, is that there is no such thing as a principle of Evil; there is no single, vast, inimical force, in face of which effort is fruitless and hope is vain. There are a great number of particular evils, but any collectivisation of them is as unreal as their personification in a physical Devil with horns and a tail. I submit in fact, that the phrase 'the Problem of Evil' is itself a misnomer. The matter before us should properly be described as the Problems of Evils. From this it follows that the right method of handling the subject is by analysis. We should break it up into its main parts, and consider each singly and in its right proportion, before we attempt to draw conclusions." (*The Tree of Good and Evil*, pp. 7–9, by Sir Herbert Samuel.)

With this part of Sir Herbert's thesis, which I think is the main part of it, I disagree entirely, because, as

I have shown, and will still further prove in the next chapter, the world is definitely faced ' with a single, vast, inimical force,' in face of which effort has so far been fruitless, and hope made vain. This inimical force is none other than the sordid materialism defined above, and is the product of the carnal mind, which will always refuse to recognise the need for a just and proper measure of value.

I can agree with Sir Herbert when he contends that the world is faced with a number of particular evils, but the majority of these are the evil consequences which ensue from the false measure, or ' inimical force,' maintained with deliberate intent by the moneyed interests throughout the world. As the poet Robert Burns has very truly said—' Man's inhumanity to man makes countless thousands mourn,' and even this poetic phrase surely indicates the source from whence the ' inimical force ' emanates. Man's inhumanity to man is the result of man's wrong-thinking and wrong actions—the failure to bring about a wide and equitable distribution of wealth and justice, which failure induces the inhumanities.

In a period of economic depression, when prices, wages, and income fall off, people become more self-centred and self-conscious. In such a state of affairs individuals feel that self-preservation must be their first consideration.[1] The married man has to think of his wife, family, and the home. Married and single alike are all affected by the fear of to-morrow. Donations to Church and to charities are reduced or given up. And while individuals may feel the utmost sympathy for the poor and destitute, and while they may feel they have retained the right spirit, loss of income makes

[1] There are other particular evils induced by the defects inherent in the Monetary System as constituted, and these should be noted. They will be found in Chapters X and XI.

them say that charity begins at home. Tithing of income is not of course expected from those who are unable to balance their expenditure with their income, but, as will be seen in a later chapter, it is expected from those who are able to obtain a net increase in any one year, whatever the economic difficulties may be. As the monetary systems of the world are constituted, the fear of to-morrow is deeply rooted in the minds of men, and this makes them hoard and become selfish until they can see more clearly what to-morrow has to bring forth. From this we can but naturally conclude that the root cause which induces such results must necessarily be monetary in origin, hence proving that the defects which prevail in the monetary systems as constituted 'are the root of all evil.'

We can of course say that unemployment, destitution, poverty, and the loss of health induced by poverty, are particular evils; but these again are attributable to the lack of a money income, so that we are brought back again to the root cause. The world is thus, quite contrary to Sir Herbert Samuel's view, and the philosophers who think with him, definitely faced with a single, vast, inimical force, against which, and without expert guidance, the mass of the people will strive in vain. And it is essential that the mass of the people should be kept in complete ignorance of monetary practice for otherwise the moneyed interests would not be able to exploit the art of money-getting with the success which they have always been able to do.

Governments of the world have undoubtedly mitigated many of the particular evils with which they have had to contend, but they have only been able to deal with them one by one, and then only in a partial way. And in this work various charitable organisations have assisted.[1] But the inability of the world thus far to recognise the

[1] For a further reference to charities, see p. 295.

root cause of many of its economic and social difficulties has led many people to assume 'that there is no single, vast, inimical force, in face of which effort is fruitless.' Many people have good intentions, but there are all sorts of ways by which these can be defeated, without their knowing it, through the manipulations of monetary mechanism, and this truth will be brought home more forcibly in the next chapter. It would be quite true to say that the adoption of a true measure of value would not cure all the inhumanities, for many of these depend on individual right-thinking and right actions which may be summarised in two words—'right conduct'; but though this may be true, nevertheless the adoption of a just and proper measure of value would certainly cure the world of its major ills; and so by removing the dreadful fear of to-morrow there would follow quite naturally that right-thinking and right action which are the prerequisite conditions essential to the establishment of the sphere of good. It is necessary that this right-thinking and right action should become a habit of mind, and that any violation of them should come to be regarded as a breach of custom.

In support of his argument that we have only to deal with particular evils Sir Herbert says, 'and in the animal world we seem to see prevailing almost universally the chronic ruthlessness of mutual slaughter.' The answer here is, that when we get rid of the inimical force, God promises that:

"Before they call, I will answer; and while they are yet speaking, I will hear. The wolf and the lamb shall feed together, and the lion shall eat straw like the bullock: and dust shall be the serpent's meat. They shall not hurt nor destroy in all my holy mountain, saith the Lord." (Isa. lxv. 24, 25.)

If we believe in Scriptural teaching we cannot do otherwise than believe in what Scripture teaches us, and the declaration made by God is the only satisfactory

answer that has so far been found. The philosophers can find no other, and their only alternative is to allow the problem to remain unanswered.

As regards the questions put by Epicurus the answers to these cannot be found by increasing our knowledge of physics, in which view I think Sir Herbert agrees. By comparison we are insignificant with time and space. But they can be found through a practical application of the first and second great Commandments, to which God, and later Christ, directed our main attention.

It is said in Scripture 'that man shall not live by bread alone,' from which we may infer that man shall not live by knowledge alone. We may study physics for the purpose of increasing our knowledge of God, of the magnitude of the Universe, and of Chemistry, and nothing but good can result from our activities in these directions. Man has been given dominion over the earth and all that is therein.[1] But real good is a mental attitude and depends on our individual and collective actions one to another. Hence the reason why God gave us His Commandments for our better government. If applied religiously they would definitely separate the sphere of good from the sphere of evil. They would draw a definite line of demarcation between what is good and what is evil. But they have been rejected by man, and Christian economic philosophy should be concerned with proving that they were material and for his good. If this were done the answers to the questions put by Epicurus would soon be found.

[1] Sir Alfred Ewing has said, in his Presidential Address to the British Association, September 1, 1932, " that the command of nature has been put into man's hands before he knows how to command himself." I should say that man had not yet made any attempt to command himself, even though he has been shown how to do so.

CHAPTER VI

THE ANCIENT ART OF MONEY-GETTING

FROM a scientific point of view the one great handicap associated with the Old and New Testaments is the lack of adequate references to the specific economic incidents to which the Prophets, Christ and His Disciples took exception, and which were regarded by them as transgression and sin. We have of course such statements that the poor were robbed within the gate, that the Israelites did not all pay their tithes and make the necessary burnt offerings, that 'the ephah was made small and the shekel enlarged,' and 'that the cup and the platter were full of extortion and excess.' Monetary experts will know that the last two defects could only arise from the attempt that was made to use a limited silver currency (which from time to time had a fixed relation to gold) as a measure of value. This point has already been made clear, and will be enlarged upon in the next chapter. We shall see also that in Palestine during the Greek and Roman conquests, the coinage in circulation was either Greek or Roman in origin, which, being under foreign control, must have materially impaired the welfare and prosperity of the people. But it would have been more helpful had some authoritative statements been made regarding the specific economic acts to which exception was taken, and that were regarded as transgression and sin. In the circumstances I have made a further search in the works of the Greek philosophers and other authorities in the hope of finding concrete evidence, and I have found a great deal of what

is required in Aristotle's *Politics and Economics*. In this work of his I have also found confirmation of my assumption in the previous chapter that he was aware of the fundamental difficulty associated with the use of gold and/or silver as a measure of value, and considering the times in which he lived Aristotle's power of perception was indeed very profound.

Ricardo would seem to have based his monetary theories on those not only of Adam Smith, but also of Aristotle, for he has expressed views similar to the latter's. The mistake made by Aristotle, however, was in basing his measure of value on gold and/or silver, on the assumption that they could be used satisfactorily as a measure or measures of value. Ricardo was certainly more cautious, and as will be seen, he qualified his statements a great deal more.

In the preceding chapter we have seen that Aristotle argued as follows:

"But even money is liable to the same objection as other commodities, for it is not always of equal value, but, nevertheless, it is more likely to remain firm. Therefore all things ought to have a measure of value; for thus there will always be exchange, and if there is this, there will be commerce. Money, therefore, as a measure, by making things commensurable, equalises them, for there could be no commerce without exchange, no exchange without equality, and no equality without the possibility of being commensurate."

Ricardo's views on the same subject were as follows, and his remarks on the advantages of a well-regulated paper currency should be carefully noted:

"If, for example, we were to fix on gold as a standard, it is evident that it is but a commodity obtained under the same contingencies as every other commodity, and requiring labour and fixed capital to produce it. Like every other commodity, improvements in the saving of labour might be applied to its production, and consequently it might fall in relative value to other things merely on account of the greater facility of producing it.

"If we suppose this cause of variation to be removed, and the same quantity of labour to be always required to obtain the same quantity of gold, still gold would not be a perfect measure of value, by which we could accurately ascertain the variations in all other things, because it would not be produced with precisely the same combinations of fixed and circulating capital as all other things; nor with fixed capital of the same durability; nor would it require precisely the same length of time before it could be brought to market. It would be a perfect measure of value for all things produced under the same circumstances precisely as itself, but for no others." (*The Works of David Ricardo*, Chapter I, Section VI, p. 29.)

"To facilitate, then, the object of this inquiring, although I fully allow that money made of gold is subject to most of the variations of other things, I shall suppose it to be invariable, and therefore all alterations in price to be occasioned by some alteration in the value of the commodity of which I may be speaking." (*Ibid.*, Chapter I, Section VI, p. 30.)

"A well-regulated paper currency is so great an improvement in commerce, that I should greatly regret if prejudice should induce us to return to a system of less utility. The introduction of the precious metals for the purposes of money may with truth be considered as one of the most important steps towards the improvement of commerce and the arts of civilised life; but it is no less true that, with the advancement of knowledge and science, we discover that it would be another improvement to banish them again from the employment to which, during a less enlightened period, they had been so advantageously applied." (*Ibid.*, Section IV, p. 404.)

It will be seen that Ricardo also stresses the need for an invariable measure of value, but as he could think of nothing better he was reluctantly compelled, as was the case with Aristotle, to accept the precious metals as a measure of value, because the variations in their market prices as commodities over short and long periods were tolerably steady, and that as a consequence these metals ' fitted them better than any other commodity for the uses of money.' Hence either gold or silver could from his point of view, and for the purpose of his thesis,

be called a measure of value. Here he was in accord with Aristotle who said the same thing over 2,000 years before, but it should be noted that Ricardo opens up the vista of the future by adding ' that with the advancement of science and knowledge he hoped that it would be possible to banish the precious metals from employment as a measure of value ' and that ' a well-regulated paper currency was so great an improvement in commerce that he should greatly regret if prejudice should induce us to return to a system of less utility.' The emphasis here is on ' a well-regulated paper currency ' which he hoped one day could be made into an invariable measure. It should be further observed that he makes no reference to the influence of credit on his imperfect measure of value, or to the need for credit control. His silence is golden.

The striking similarity of Ricardo's views to those of Aristotle's will have been seen. But Aristotle has a great deal more to say in his work *Politics and Economics* that is of general interest, since it gives us an insight into the beginning of things. In this work he states ' that barter in general had its original beginning in nature, from the fact that some men had a surplus, and others less than was necessary for them.' Hence it was evident ' that the selling of provisions for money was not naturally a part of pecuniary science, for men were obliged to use barter as far as would supply their wants.' In making this statement he obviously meant, as will be seen later, that the buying and selling of goods for money should be an aid to the science of barter, and that as a species of money-getting it should not constitute the whole science of money. Unfortunately he was unable to develop this very sound doctrine into the form of a definite monetary mechanism, and to incorporate within it an invariable measure of value, on the need for which he has already expounded. Aristotle

then states that barter could not have begun in the household but only when the community came to be enlarged. In the household all had the same things in common, but in the community individuals had many other things to exchange as their wants arose. And that barter is still preserved amongst many primitive nations who exchange one necessary for another but do nothing more; 'for example, as in the giving and receiving wine for corn, and the like in such other things.'

"This sort of barter then is not contrary to nature, nor yet is it any species of money-getting; but it is necessary in order to complete that independence which is natural. From this barter, however, arose the use of money, as might be expected; for as the needful means for importing what was wanted, or for exporting a surplus, was often at a great distance, the use of money was of necessity devised."

Aristotle then states that men invented among themselves a form of money which they could accept in exchange for goods and services, 'and which being really valuable in itself might easily be passed from hand to hand for the purpose of daily life.' They chose iron and silver, and other metals of a similar nature, such as gold, because these were imperishable, and more easily carried about and transferable. These metals had a fixed standard according to their weight or size. In other words their value had a relationship similar to the present relationship of silver to gold, and that in process of time they were impressed with a certain stamp to save the trouble of weighing, 'and this stamp was affixed as a sign of its express value.'

"Money then being devised from the necessity of mutual interchange, the second species of money-getting arose, namely, by buying and selling; and this was conducted probably at first in a simple manner, but afterwards it came to employ more skill and experience, as to where and how the greatest profit might

be made. For which reason the art of money-getting seems to be chiefly conversant about trade, and its end to be able to see where the greatest profit can be made; for it is the means of procuring abundance of wealth and possessions. For men oftentimes suppose wealth to consist in the quantity of money which any one possesses, as this is that medium with which trading and trafficking are concerned: others again regard it as a mere trifle, as having no value by nature, but merely by arbitrary compact; so that if those who use it should alter their sentiments, it would be worthless, and unserviceable for any necessary purpose. Thus oftentimes the man who abounds in money will want the necessary food; and it is absurd to say that wealth is a thing of such a kind that a man with plenty of it around him may perish with hunger, like Midas in the fable, who from his insatiable wish found every thing set before him turned into gold. For which reason people look about for something else by way of riches and property, and rightly too; for the mere getting of money differs from natural wealth, and the latter is the true object of economy; while trade only procures money, not by all means, but by the exchange of it; and it seems to be chiefly employed about trading, for money is the element and the regulator of trade; nor are there any bounds to be set to the wealth which is thereby acquired."

In the foregoing Aristotle practically states that at starvation point all values disappear and that the true object of monetary science is the equitable distribution of wealth, and not of money-getting. This does not mean that men should give up all enterprise and not endeavour to become rich. What it does mean is that the methods employed to the end desired should be based on equality of opportunity, which only a monetary mechanism based on a measure of value can ensure. And as this distinction is also drawn by Scriptural teaching the point will be of interest to Christians.

"In the art of acquiring riches, its end has no limits, for its object is money and possessions; but economy has a boundary, though the former has not; for acquiring riches is not its real end. And for this reason it should seem that some boundary should be set to riches, though in practice we see the contrary of this taking place; for all those who get riches add to their money

without end. The cause of this is the near connexion of these two arts with each other, for they sometimes change employment with each other, as getting of money is their common pursuit. For they each employ the same thing, but not in the same manner; for the end of the one is something beyond itself, but the end of the other is merely to increase it; so that some persons are led to believe that this is the proper object of economy, and think that for this purpose they ought to continue to save or to hoard up money without end." [1]

"And those who set themselves to live well, often confine their view to the enjoyment of sensual pleasures; so that as this also seems to depend upon what a man has, all their care is to get money, and hence arises the second species of money-getting; for as their enjoyment is in excess, they seek means proportionate to supply this excess of enjoyment; and if they cannot do this merely by the art of dealing in money, they will endeavour to do it by other ways, and apply all their powers to a purpose which is not according to nature. Thus, for instance, courage was intended to inspire fortitude, not to get money by; neither is this the end of the soldier's or the physician's art, but victory and health respectively. But such persons make every art subservient to money-getting, as if this was the only end, and to the end every thing ought to contribute."

"Political science does not make men, but receiving them from the hand of nature employs them to proper purposes; thus nature, whether it be the earth, or sea, or anything else, ought to supply them with provisions; and this it is the business of the master of the family to manage properly. For it is not the weaver's business to make yarn, but to use it, and to distinguish what is good and useful from what is bad and of no service: and in like manner some one may inquire why money-getting should be a part of economy, when the art of healing is not; since it is as requisite that the family should be in health as that they should eat, or have anything else which is necessary."

"But since these riches may be applied, as we have said, to two purposes, the one to make money of, the other for the service of the house; of these the first is necessary and commendable, the other, which has to do with traffic, is justly censured, for it has not its origin in nature, but amongst ourselves; for usury is most reasonably detested, as the increase of our fortune arises from

[1] The bolder type is mine.—J. T. P.

the money itself, and not by employing it to the purpose for which it was intended. For it was devised for the sake of exchange, but usury multiplies it. And hence usury has received the name of 'produce'; for whatever is produced is itself like its parents; and usury is merely money born of money: so that of all means of money-making, this is the most contrary to nature." [1, 2]

"Now of all the works of art, those are the most excellent wherein chance has the least to do."

And with regard to the making of a fortune—the art of money-getting—Aristotle refers to the contrivance of Thales the Milesian, which men attributed to him on account of his wisdom, though it is one of general application. This scheme, together with that of a certain person in Sicily, is outlined in the following:

"For when they reviled him for his poverty, as if the study of philosophy was useless, it is said that, while it was yet winter, he perceived by his skill of astrology, that there would be great plenty of olives that year, and that having got a supply of money, he bought on a small security all the oil-presses that were in Miletus and Chios, which he hired at a low price, as there was no one to bid against him. When the season came for making oil, many persons wanted them, and so all at once he let them upon terms he pleased; and raising a large sum of money by that means, he convinced them that it was easy for philosophers to be rich if they chose it, but that this was not what they aimed at; in this manner is Thales said to have shown his wisdom. It indeed is, as we have said, generally lucrative for a person to contrive to make

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[1] Read Deuteronomy xxiii. 19, on page 69. Also the following: "Lord, who shall dwell in thy holy hill? . . . He that putteth not out his money to usury, nor taketh reward against the innocent." (Psa. xv. 1, 5.)

[2] Aristotle's philosophy on currency questions may really be summarised as follows: "In the absence of a better alternative I recommend the use of gold and silver as a measure of value because the prices of these metals will remain the firmest of all commodities. I do not say that we shall be obliged to use them always, but merely that I recommend the commerce of my day to accept them in the absence of a more definite mechanism. But what I do say is this, that a true measure of value should be a middle-term, or mean, capable of preventing excess and defect, and promoting distributive justice."

a monopoly of any thing; for which reason some cities also adopt this method when they want money, for they make a monopoly of their commodities. There was, too, a certain person in Sicily who laid out a sum of money which was deposited in his hands in buying up all the iron from the iron works, so that afterwards, when the dealers came from the markets to purchase, no one had any to sell but himself; and though he put no great advance upon it, yet by laying out fifty talents he made an hundred. When Dionysius heard this, he permitted him to take his money along with him, but forbade him to continue any longer in Syracuse, as being one who contrived means for getting money, inconsistent with his interests. This man's foresight and that of Thales was exactly the same; for both of them contrived to procure a monopoly for themselves. It is useful also for politicians definitely to understand these things; for many states want to raise money and to employ such means, as well as private families, nay more so; for which reason, some persons employed in public affairs confine themselves to this province alone."

In the foregoing quotations it is not quite clear whether Aristotle approved the business of speculation and monopoly based on privilege and advance information, or whether he merely set out to demonstrate that it was easy for a man with education and knowledge, and possessing the necessary access to credit, to acquire the art of money-getting. On the whole the trend of his argument is definitely against speculation in primary commodities, monopoly, and privilege, and conclusive proof is to be found in the fact that he urged the adoption of a measure of value, the essential mechanism of which would have automatically prohibited speculation in primary commodities and the creation of monopolies. In a just monetary system there can be no room for those who take too much and offer too little; who live on the producers and consumers without contributing any service to the art of production and distribution; but who on the contrary make it their business to anticipate the likely demands of producers and consumers, be such demands great or small, and to buy or sell against them.

Persons who do this class of business are parasites on the working population. This argument does not apply to persons who produce on their own account, and who, in a legitimate way, endeavour to anticipate consumers' requirements; or who, for a like reason, create new fashions, or inventions, or render professional services. These all come within legitimate enterprise, and all production is service power, or should be.

It will perhaps help us to understand and appreciate Aristotle's economic philosophy all the more if we can gain an insight into the methods employed in settling debts and exchange transactions in the eastern world well before and during his time, and this we can do by studying the Code of Hammurabi, incorporated in Babylonian Law. This Code was formulated by King Hammurabi, the 6th Monarch of the 1st Dynasty of Babylon, about (2267–2213 B.C.), and governed all commercial and trading transactions in Babylon; and, in the absence of more satisfactory regulations, it was conformed to by the trading communities of Arabia, Syria, Assyria, and Phoenicia; and we may be certain by those of Israel and Judah, who had on various occasions been forced into close contact with Babylon.[1] The following references to the Code are from an article by C. H. W. Johns in *Hastings's Dictionary of the Bible*, Vol. VII, pp. 820–2:

"Estates were often exchanged, the difference in value, if any, being paid in money. Money payments might be made in silver, or its equivalent in corn or other natural produce. Credit was given for the remainder of a price not paid in full, but was treated as a loan from the seller to the purchaser, who gave a bond for it."

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[1] Note the following: "Come down, and sit in the dust, O virgin daughter of Babylon, sit on the ground: there is no throne, O daughter of the Chaldeans: for thou shalt no more be called tender and delicate . . . nor the lady of kingdoms. . . . Upon the ancients hast thou very heavily laid thy yoke." (Isa. xlvii. 1–6.)

"The standard by which the precious metals were weighed varied from city to city, and there was often a clause specifying the standard in which money should be repaid. The Code enacted that this could not be enforced. Payment in kind was to be accepted, and a creditor was bound to accept even goods at fair value."

"Payment through a (merchant?) banker, or by written draft against account was usual. Bonds to pay were treated as negotiable. A man could usually borrow without interest from the temple treasury of his city, for a fixed term, but paid interest if his debt were overdue. Merchants, and temples in other cases, charged interest at varying rates, usually high, commonly 20 to 30 per cent., but for short terms. Long loans were rare."

"Many who stayed at home took shares in enterprises conducted by travellers. Merchants received money or goods to be traded away. . . . Profits were good; the agent must pay 100 per cent. whatever his own gains."

Between 668–626 B.C. copies of the Code, with the later judicial decisions, were made for the library of Ashurbanipul, king of Assyria, for use in his kingdom. "But copies of other later laws also exist, which show marked changes. The legal documents of the Chaldean period of Nebuchadnezzar and his successors also show changes. We may, for want of a more precise term, call this Neo-Babylonian laws."

We can now understand the Scriptural meaning of usury. Interest rates were high, so also were the profits of the speculative import trade. The risk of loss was also great as the travelling trade had to be carried on over the caravan routes, and often the travellers were robbed. Nevertheless, they had to make good their contractual obligations to those from whom they had taken money for the joint enterprise. And when people borrowed money it was usually lent in the form of wealth as may be gathered from the following:

"So much silver part of the rent of a house, is lent to hire reapers; so much corn produce of a peculiar field is lent to buy oil, or to pay tax."

It will be observed from the foregoing quotations that if anyone lent the precious metals it was permissible for the borrower to repay in kind, which the lender was bound to accept at a fair value. The further point to be observed is that although silver was the standard by which prices were measured there was an insufficiency of it according to the accepted practice of to-day; but as silver as treasure was used in those days as an aid to barter, this arrangement maintained 'that independence in barter which (according to Aristotle) is natural.' Silver as treasure was also 'the needful means for importing what was wanted.'

'Babylonian law was based on ancient custom. The origin of such custom, however, is often hidden from us in the midst of antiquity. Ultimately judicial decision and royal enactment were a divine law; Babylonian law ran in the name of God. The population of Babylon was in all but the very earliest of times a mixture of races. . . . The Code of Hammurabi embodied the judgments of a long series of judges acquainted with an already formulated system of law which had considered most of the points involved in their decisions. . . . The temple was a most important factor in Babylonian city life. The god, in theory, owned all the land, and every holder paid tribute or rent to the city-god. The holders were, of course, members of the class or association of people who had settled in the city and built the temple. These and their descendants also had the right to furnish its priests, who inherited shares of the right to minister in the temple; and profit by its revenues became a valuable species of property, freely sold or leased, but entailed to certain lines of accession. The tribute to the temple from those who held its lands was early commuted to a tithe of all produce of the lands.'[1]

[1] *Hastings's Dictionary of the Bible*, Art. by C. H. W. Johns, Vol. VII, pp. 917–19.

The following quotations from Habakkuk apply to Babylon, and the evils practised by dispersed Israel:

"Why dost thou shew me iniquity, and cause me to behold grievance? for spoiling and violence are before me: and there are that raise up strife and contention. Therefore the law is slacked, and judgment doth never go forth: for the wicked doth compass about the righteous; therefore wrong judgment proceedeth. Behold ye among the heathen, and regard, and wonder marvellously: for I will work a work in your days, which ye will not believe, though it be told you. For, lo, I raise up the Chaldeans, that bitter and hasty nation, which shall march through the breadth of the land, to possess the dwelling-places that are not their's. They are terrible and dreadful: their judgment and their dignity shall proceed of themselves." (Hab. i. 3–7.)

"O Lord, thou hast ordained them for judgment; and, O mighty God, thou hast established them for correction . . . they sacrifice unto their net, and burn incense unto their drag; because by them their portion is fat, and their meat plenteous. Shall they therefore empty their net, and not spare continually to slay the nations?" (Hab. i. 12, 16, 17.)

"Woe to him that buildeth a town with blood, and stablisheth a city by inquity! Behold, is it not of the Lord of hosts that the people shall labour in the very fire, and the people shall weary themselves for very vanity? For the earth shall be filled with the knowledge of the glory of the Lord, as the waters cover the sea." (Hab. ii. 12–14.)

Another very interesting Code is the ancient Indian 'Code of Manu,' the age ascribed to which is between the sixteenth and eighth centuries B.C. The following references are derived from Marsden's Dictionary: It was the ancient custom to employ bags,[1] with fixed and definite quantities of gold or silver in each, at or about this period. Gold dust tied up in a bag also passed current as coin. Kings kept their money in this way, hence the modern expression, 'Expenditure from the Privy Purse.' In an essentially poor country infinitesimal

[1] Compare this with Deuteronomy xxv. 13–16: "Thou shalt not have divers weights nor measures in thy bag, etc."

atoms of gold, gold dust, or silver in like proportions, entered largely into the dealings of a people just emerging from the primitive phase of barter. "The untutored villager had only to arm himself with the produce of his own field, to check the deficiency in the fraudulent goldsmith's tale of weight, or the merciless discount of the money-changer. 'But the most pernicious of all deceivers is a goldsmith who commits fraud: the king shall order him to be cut piecemeal with razors.'" [1]

The law of usury is set forth at some length, and therein it states that 'on pledges a lender of money may take, in addition to his capital, 1¼ per cent. per month. He may take in proportion to the risk in the direct order of the classes: 2 per cent. from a priest; 3 per cent. from a soldier; 4 per cent. from a merchant; and 5 per cent. from a mechanic . . . but never more as interest by the month.'[2] The tax on gains on money is specified at 5 per cent., and presumably this also means the gains on trade.

Compound interest was forbidden, and interest on money was never to be more than enough to double the debt. On grain, fruit, wool, animals, or other things in kind, interest was never to be more than enough to make the debt quintuple. (It is said that there was a similar law to this in Pharonic Egypt.) It should also be noted that Manu differentiates between lending on money and on commodities, and by the use of the term 'money' the translator quite clearly means 'currency.' Gold and silver would, of course, be lent in small sums in the form of bullion 'weighed in bags in the balances.'

In the case of blood feuds the following law applied:

"If one of the highest twice-born Brahman class slays one of the warrior class involuntarily, he may cleanse himself by paying

[1] Manu IX, 292. See Marsden's *Numismata Orientalia*, 1874, Vol. I, p. 14.

[2] Manu VIII, 140. *Ibid.*, p. 52.

to the Brahmans or priests 1,000 cows and a bull. If he slays one of the agricultural or trading class, the payment is 100 cows and a bull. If he slays one of the servile class, the payment is 10 cows and a bull." (Manu XI, pp. 128–31.)

The distinction drawn between the warrior and servile class should be noted.

We must now consider the position nearer home. In Greece from 700 B.C. to A.D. 1, and in all likelihood well into the present era, a large proportion of the wealth of many Greeks was held in the form of gold and silver as bullion or currency, which they lent to the money-changers, or to the merchant traders, who could employ them profitably. In the arrangement of private loans certain formalities had to be complied with, and witnesses had to be present, to ensure that borrowers would not eventually disclaim all knowledge of a loan having been made to them. Plutarch states (*Quaest. Gr.* 53) that in the city of Cnossus the borrower was induced to go through the pretence of stealing the money arranged to be lent so that if he did not repay it at the due date the lender could have him in his power.[1]

Moneylenders in Greece were of two classes: (1) private individuals who made a point of living on their accumulations of gold and silver in bullion or currency, and (2) money-changers. The private owners usually preferred to invest their funds with the money-changers, who gave good security and allowed a fair rate of interest. As in Greece every considerable city had its own coinage, and money-changers must have kept a large stock of gold and silver in hand; they would naturally constitute, *par excellence*, the class with money to lend, and their profession compelled them to live in the market-place at a spot known to all. Hence those in need of funds resorted to the money-changers, who became almost merchant bankers as we understand these words to-day.

[1] *History of Ancient Coinage*, by Percy Gardner, pp. 14–15.

Thus Pasion (*Demoth. pro Phorm.* 5) employed fifty talents, of which eleven belonged to his depositors.[1]

Twelve per cent. per annum was considered to be a low rate of interest by the Greeks, and was allowed only on first-class loans. Where the security involved an element of risk, as much as 24 per cent. was charged. 'The rate of interest being thus high, we can understand how private persons in the great cities, possessing no land but only money managed to live in comfort on the interest of it.'[2]

"The functions of the temples in regard to finance must not be overlooked. As the interest of the state and of the deities who protected it were identical, it was not unnatural that the temples should be the place where the revenues of the state were stored. . . . It is commonly stated that besides being capitalists and lending money, temples received sums on deposit for safe keeping and restored them to the lenders on demand."[3]

"In the time of the Athenian Empire skilled workers or mercenary soldiers would be paid from half a drachm to a drachm a day.[4]

Being a more civilised country than the ancient countries of the East, and possessing a definite coinage in each of the cities, the high rates of interest charged by the money-changers and traders were bound to produce a crisis very soon. Throughout the period of Greek autonomy the value of gold and silver currency fell steadily. Boeckh calculated that in the period from Solon to Demosthenes prices increased fivefold. But this increase of prices was no doubt brought about by the devaluation of the currency initiated by Solon (638–559 B.C.) as part of his reform of the Athenian Constitution.

The reforms of Solon arose from the terrible plight into which the small cultivators and farm labourers had fallen, due to the burdens of usury and debt. These

[1] *History of Ancient Coinage*, by Percy Gardner, pp. 14–15.
[2] *Ibid.*, p. 19. [3] *Ibid.*, p. 17. [4] *Ibid.*, p. 19.

poor people, and without doubt others similarly positioned in commercial life, had sunk into a life of bondage to their creditors. If they did not pay their rent, which was fixed at one-sixth of the produce of the land, or the usurious interest charges due on their loans, and we have seen the extent of the rates payable, they and their children were bound to their creditors on the security of their persons. Many of them were sold or exported. Many fled the country to escape from the oppression, and supported themselves as labourers in foreign lands. Those who still clung to their little properties could barely, even with the utmost frugality, keep their heads above water. The governing classes themselves felt that the crisis was more than they could deal with, and they appealed to Solon to take control; having succeeded in this they made him virtual dictator, investing him with the title of Archon and unlimited power to bring about any reforms he might consider were necessary for the welfare of the State.

Had Solon chosen to work on the popular discontent, he might easily, as he has indicated in his poems, have crushed the aristocracy, and become a tyrant as many had done in other Greek States before him. But Solon obeyed a nobler impulse and aimed at saving his country without a too violent revolution. On very many of the little properties of Attica were to be seen stone pillars with the name of the mortgagee and the amount of the mortgage inscribed on them; and no doubt the arrears of interest were added.

According to Aristotle:

"As soon as Solon was at the head of affairs, he liberated the people once and for all, by prohibiting all loans on the security of the debtor: and at the same time he made laws by which he cancelled all debts, public and private.[1] This measure is com-

[1] This expression may not be a strictly literal translation. If it is, it can only mean 'as applied to land or persons.' That this is so may be

monly called Seisachtheia (removal of burdens), since thereby the people had their loads removed from them."

"Before the period of his legislation, he made his abolition of debts, and after it his increase in the standards of weights and measures, and of the currency. During his terms of office the measures were made larger than those of Pheidon, and the mina, which previously contained 70 drachmas, was raised to the full hundred. He also appointed as the standard of currency the proportion of sixty minas to the talent, and the mina was also distributed into staters and other values."[1]

Solon's remedy was no doubt a drastic one, but it was justified by the harsh terms imposed by landowners and lenders of currency on the cultivators of the soil, on tenants, and on small proprietors; and by the urgent need for an immediate release of the people as a whole from the extortion and excess under which they laboured. One may be quite certain that by the time the necessary action was taken the leaders had obtained their capital back several times over, and that if at the end their loans were cancelled that they were not on the whole the losers. Thus were the 'mortgage pillars' swept away and the oppressed made free once more, though we may be sure that the process would begin all over again, for no legislation would appear to have been passed prohibiting future loans at the exorbitant rates of interest then prevalent. The money-changers no doubt would regard this as an escape. It is recorded that Solon also repatriated those poor debtors, who had been forced to emigrate to retain their freedom and avoid the oppression, and restored them to their old homes. Yet neither the

inferred from Aristotle's reference to Solon's indiscretion in having spoken of his intended legislation 'to some of the upper class who stole a march on him by borrowing money and buying up a great deal of land, and as the cancelling of debts took place not long afterwards, they became at once rich.' Aristotle exonerates Solon quite definitely from any participation in the swindle. Solon was a victim of his own honesty, and it should be noted that the upper class only bought land.

[1] Aristotle's *Athenian Constitution*, p. 16, trans. by F. G. Kenyon, M.A.

wealthy classes nor the people were satisfied. The people wanted Solon to being about a redistribution of property on a something for nothing basis, echoes of which are to be heard to-day, and the wealthy classes desired a restoration of the old order of things, which, in their case, is seldom delayed. But Solon felt that his duty was to hold the balance.

To compensate the wealthy debtors and creditors, Solon devalued the currency, which, according to Grote, amounted to 27 per cent. But if Aristotle's figures are to be accepted the devaluation would seem to have been much more than 27 per cent. It would seem to have been on a basis approaching 42½ per cent., and this plus the cancellation of all debts on the security of land or persons, no doubt would largely account for the substantial rise of prices which subsequently followed, and which is referred to by Boeckh.

But as far as can be judged from the several translations, Solon increased the number of mina to the talent, but nowhere is it said that he varied the weight of silver to the talent. By increasing the number of mina to the talent he would effectively reduce not only the value of commercial debts, but also the value of the accrued interest charges payable thereon. He would also automatically reduce the value of wages and increase commodity prices, since these would be quoted in staters and subsidiary coins whose value had been reduced, but whose numbers had been increased. This state of affairs would prove to be a hardship on the wage-earner, and may have substantially contributed to the discontent with Solon to which reference has been made. On the other hand, the increase in the number of minas to the talent would have had the effect that is produced by an increase in the volume of currency in circulation—namely, raise prices; and, with the abolition of debts on land and persons, it would also have been instrumental in bringing

about a more equitable distribution of wealth for the time being.

An interesting point that will no doubt have been observed from the short history that has been given of the currency affairs of ancient Greece is, that the present devaluation of currencies now taking place throughout the world is not a new phenomenon—it is as old as Solon. The advantage if any remains with Solon who did not vary his talent—he retained it as an anchor of sorts. Devaluation of currencies is a practice which has been resorted to on frequent occasions throughout the centuries since Solon's time to escape the burden of debts and interest, which, judging from the records of history, have been largely brought about by wars, and, one may also say, by the defects prevalent in monetary systems. Conquerors and conquered have been equally affected.

The policy pursued by Solon is outlined in the following extracts from his poems quoted by Aristotle:[1]

"I gave to the mass of the people such rank as befitted their need,
I took not away their honour, and I granted nought to their greed;
But those who were rich in power, who in wealth were glorious and great,
I bethought me that nothing should befall them unworthy their splendour and state;
And I stood with my shield outstretched, and both were safe in its sight,
And I would not that either should triumph, when the triumph was not with right."

"Wherefore I freed the racked and tortured crowd
From all the evils that beset their lot."

"Dark earth, thou best canst witness from those breas
I swept the pillars[2] broad-cast planted there."

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[1] *Athenian Constitution*, pp. 18–19, trans. by F. G. Kenyon, M.A.

[2] These were the pillars set up on mortgaged lands.

"Thus might and right were yoked in harmony,
Since by the force of law I won my ends
And kept my promise. Equal laws I gave
To evil and to good, and with even hand
Drawing straight justice for the lot of each."

CHAPTER VII

THE ORIGIN OF MONEY AND THE BI-METALLIC STANDARD

IF we are to understand the teaching of Scripture correctly, it is now necessary that we should ascertain the origin of money, and how its name has come into being. The word 'money' is derived from 'moneta,' which was the surname of Juno (Juno Moneta), in whose temple at Rome stamped metal coins were made by the Romans in the period 269 B.C. to about A.D. 100. These stamped metal pieces eventually came to be known as 'moneta,' and this term was used not only in the period mentioned but for many centuries subsequently. Some authorities believe this to be a tradition only, but it may be accepted as an actual fact, more especially as we know that the Latin word for 'money' is 'moneta,' and that Latin was the language of the Romans. Further, 'just before Charlemagne assumed the title of Emperor another change was made by the issue of his nova moneta. . . . In issuing his nova moneta . . . he brought the weight of the silver tremissis or penny back again.'[1]

The basic idea associated with the expression 'moneta' is stamped metal coins whose intrinsic value was derived from the metals of which they were made. When gold coins eventually came to be legal tender, the silver coins became a subsidiary coinage, and when this occurred the silver content was lowered below the token value. Some exceptions to this rule have occurred, notably after the Great War (1914–18) when silver rose to 89½ pence per fine ounce, which caused many of the silver coins in

[1] *Tribal Custom in Anglo-Saxon Law*, pp. 10–11, by Fred Seebohm.

circulation to be melted down for their bullion value. Hence the reason for the present debasement of British silver coinage which has a millesimal fineness of 500 only. It was formerly 925 in 1,000.

When we think of the idea 'money,' we have to bear in mind that until the last century at least it was always associated with the stamped metal coinage. In the early centuries of our era, however, and no doubt before, it was found that the people tampered with the gold and silver coins in circulation. They would file the edges or bore holes in them with a view to collecting the scrapings, and this led to the coins again being weighed in the scales. They were no longer 'moneta'—they were 'ponderata.' As one writer has tersely put it, 'everyone became a buyer and seller of Junk.' This position, curiously enough, still prevails in China to-day, where the banks weigh all silver paid in over the counter. The Chinaman will even collect new coins with a view to scraping down the sharp circular edges, hence the necessity for the banks to weigh all coins in the balance as they are received.

Throughout the Authorised and Revised Versions of the Old Testament the word 'money' is frequently used in error to represent gold and silver passing current as bullion or as commodities with the merchant. Its use in the New Testament is permissible so long as it is understood to mean the coinage in circulation, and not otherwise. In consequence of the wrong use of the word 'money' a slightly different interpretation has been given to several passages in Old Testament Scripture to that intended in the original script, which is most emphasised in the case of Isaiah lv. 1–2. That care is necessary in the use of the right nomenclature may be gathered from the fact that what is known as money to-day represents not only metal pieces and paper currency notes, but also bank credit, the financial part of

which constitutes about 80 per cent. of the volume of money. Thus by thinking unknowingly in different terms we shall acquire a different impression of the facts to that intended. We have seen that John Stuart Mill, even as late as the last century, was careful to exclude 'credit in any of its shapes' from his definition of the Quantity Theory of Money, and that his 'Quantity Theory' covered only the metallic currency.

The earliest use of the word 'money' in the Bible is to be found in Genesis xxiii. 16, which reads as follows:

"Abraham weighed to Ephron the silver, which he had named in the audience of the sons of Heth, four hundred shekels of silver, current money with the merchant."

The literal translation of the foregoing from the Hebrew reads as follows, and it is to be observed that the word 'money' does not appear:[1]

"Abraham weighed for Ephron the silver concerning which he had spoken unto the ears of the sons of Heth, (namely) four hundred shekels current among the merchant(s)."

The omission of the word 'money' gives us an entirely different conception of the actual methods employed in settling transactions, and the translators of the Bible should have been careful only to use words represented in the original script, for it is necessary that the present generation should acquire a correct conception of the events as they really occurred. This observation applies more particularly to Isaiah lv. 1–2, the A.V. translation of which reads as follows:

"Ho, every one that thirsteth, come ye to the waters, and he that hath no money; come ye, buy, and eat; yea, come, buy wine and milk without money and without price. Wherefore do ye spend money for that which is not bread? and your labour for that which satisfieth not? hearken diligently unto me, and eat ye that which is good, and let your soul delight itself in fatness."

[1] I am indebted to Mr. J. Leveen, of the Department of Oriental Printed Books and MSS., British Museum, for this translation.

The literal translation reads as follows:

"Ho, every one that is thirsty, come ye to the waters, and he that hath no silver: come ye, buy and eat: yea come, buy wine and milk without silver, and without price. Why do ye weigh silver for that which is not bread? and your labour for that which satisfieth not? hearken diligently unto me, and eat that which is good, so that your soul may be delighted with fatness."[1]

Here Isaiah invited everyone to come to the waters, and even he that had no silver. All were invited to come and buy wine and milk without silver (money) and without price. Now the clue here is to be found in the word 'price.' Gold and silver, Israel's current money, dictated the price at which wealth should be sold, because the mass of wealth had first of all to be exchanged into gold and silver before being exchangeable into anything else, which was absurd. This was the gold or bi-metallic standard, which is still with the world. In this way money was spent for that which was not bread, and labour for that which satisfied not! In this way part of the wages of labour was held back. In this way were the ephahs made small, and the purchasing power of the shekels (gold and silver) enlarged, thereby falsifying all weights, balances, and measures by deceit. The same results are obtained to-day in a more comprehensive form through the inflation, deflation, and devaluation of paper currency systems.

If we take into consideration the Key-Commandment Deuteronomy xxv. 23–26, and Amos viii, a true reading of the foregoing verses would be as follows: 'Why do you limit yourselves to the necessity of weighing silver as currency before you can buy at a price? or, in other words, why confine yourselves to the limited buying power which the system of weighing silver permits you to have, which is bound to dictate low prices, and which in

[1] I am indebted to Mr. J. Leveen, of the Department of Oriental Printed Books and MSS., British Museum, for this translation.

many cases destroys your ability to offer any price at all? Come, devise a different system according to the Law so that you may be able to eat that which is good, and so that your soul may be delighted with fatness.' With the correct translation this is the only interpretation that can be placed upon the verses as quoted; and it does not in any way restrict the spiritual aspects which may be associated with the verses—on the contrary, it will broaden whatever implications they may have.

"I will punish the world for their evil, and the wicked for their iniquity. . . . I will make a man more precious than fine gold; even a man than the golden wedge of Ophir. . . . Behold I will stir up the Medes against them (Babylon symbolically), which shall not regard silver; and as for gold, they shall not delight in it. . . . And Babylon (literal), the glory of kingdoms, the beauty of the Chaldees' excellency, shall be as when God overthrew Sodom and Gomorrah." (Isa. xiii. 11, 12, 17, 19.)

Here God declares that He is determined to make humanity of more importance than a gold and silver currency. In other words, He is determined to make it the master of money, whatever form it may take, and not the servant. The honourable men shall not delight in their gold standard, but this does not apply to works of art provided gold and silver do not control the general level of prices, and thereby limit the distribution of wealth. It is permissible to use them as aids in the promotion of distributive justice but in no other way.

"Who hath taken this counsel against Tyre, the crowning city, whose merchants are princes, whose traffickers are the honourable of the earth? The Lord of hosts hath purposed it, to stain the pride of all glory, and to bring into contempt all the honourable of the earth." (Isa. xxiii. 8, 9.)

"My people are destroyed for lack of knowledge: because thou hast rejected knowledge, I will also reject thee, that thou shalt be no priest to me: seeing thou hast forgotten the law of thy God, I will also forget thy children. As they were increased, so

they sinned against me: therefore will I change their glory into shame." (Hosea iv. 6, 7.)

In ancient days the ratio of silver to gold would appear to have been $13\frac{1}{3}$ to 1.[1] A shekel of silver was a weight of silver equal to half an ounce troy, and is reputed to have been worth about 2s. 9d., or say 5s. 6d. per fine ounce troy, which, with gold at 84s. per fine ounce, would make the ratio of silver to gold slightly over 15 to 1. But most authorities seem to agree that the ratio was $13\frac{1}{3}$ to 1. As we understand the term, no stamped metal pieces or coins circulated before 700 B.C. as currency. Pieces of gold and silver, sometimes gold in dust, were the chief medium of exchange, and in the settlement of large transactions they were weighed in the balance, and delivered in bags. In the days we speak of the shekel was a weight and not a coin. For the settlement of small transactions gold and silver circulated in small quantities—shekels, half shekels, and quarter shekels—in little bags, though no facilities would seem to have existed for testing the purity of the metals. In this matter a great deal would seem to have been taken on trust, though we may infer from the Key-Commandment in Deut. xxv. 13–16, that there were divers weights and balances in the bags. The ancients were exhorted to have a 'just and perfect measure,' with an adequate subsidiary currency, the measure to be a numerical system, and of such a nature as would ensure an equitable distribution of wealth. But this the Governors and merchants of Babylon, Assyria, Israel, and later Phoenicia, failed to provide, for the obvious reason that the extortion and excess which the prevailing system enabled them to impose on the people constituted a lucrative and profitable business. For some of them it was an easy way of earning a living, and for

[1] *Hastings's Dictionary of the Bible*, Vol. III, p. 418, Art. by A. R. S. Kennedy.

the rich in treasure an easy way of living luxuriously according to the standard of the time. We can now understand more clearly those verses in Scripture which read as follows:

(1000 B.C.)

"A just weight and balance are the Lord's: all the weights of the bag are his work. . . . How much better is it to get wisdom than gold! and to get understanding rather to be chosen than silver." (Prov. xvi. 11, 16.)

(712 B.C.)

"Hearken to me, O house of Jacob, and all the remnant of the house of Israel. . . . To whom will ye liken me, and make me equal, and compare me, that we may be like? They lavish gold out of the bag, and weigh silver in the balance, and hire a goldsmith; and he maketh it a god: they fall down, yea, they worship." (Isa. xlvi. 3, 5, 6.)

(710 B.C.)

"Are there yet the treasures of wickedness in the house of the wicked, and the scant measure that is abominable? Shall I count them pure with the wicked balances, and with the bag of deceitful weights? For the rich men thereof are full of violence. . . ." (Mic. vi. 10–12.)

(602 B.C.)

"Verily it shall be well with thy remnant. . . . Thy substance and thy treasure will I give to the spoil without price, and that for all thy sins, even in all thy borders." (Jer. xv. 11, 13.)

The precious metals had throughout Biblical History —from Abraham's time, and even for some time previously—largely supplanted the barter system; and because of their insufficiency, and limited circulation, and their private control, they had imposed their known restrictions upon the distribution of wealth. In this way they were able, owing to currency shortage, to exact a high rate of interest for loans of gold or silver (loans were also made in wealth), which in Biblical days was known as usury. We have already seen the high

rates of interest charges that were imposed.[1] The insufficiency of currency, and the private control of the precious metals, would produce what we know to-day as acute deflation, and would thus enforce a low level of prices at which the people would be unable to buy freely even though living frugally—a disease which still exists with the world. Hence the extortion and excess of which complaint was made throughout the Old and New Testaments. A certain amount of direct barter must undoubtedly have taken place among the poorer classes, but on a limited and low-priced basis. The low volume and value of the subsidiary coinage would ensure of this being the case. This low value subsidiary coinage might have circulated in the form of clay tablets, or in brass or copper coins, but they would certainly not be convertible into gold or silver, and this one-sided economy would be bound to aggravate the deflationary tendencies and the destitution and poverty which existed.

Owing to the private and monopolistic control of the gold and silver supplies, and the chaotic condition to which trading had thereby been reduced, it was a physical impossibility for wealth to be equitably distributed, or for labour to be adequately paid. The available evidence confirms this. Owing to the lack of an adequate subsidiary currency, anchored to ' a just and perfect measure,' it was a comparatively easy matter to withhold a large part of the labourer's just reward. He was probably given an insufficient quantity of food on slave terms, and we know that the ancients employed slaves.

It would be untrue to say that the precious metals entirely replaced primitive barter in ancient days. Owing to the insufficiency of currency the metals were bound to be used in settling such differences as would arise on the completion of direct barter transactions. The precious metals would also be used as a storage for

[1] See pp. 126, 129, 131.

savings. But 'it would be a great mistake to suppose that gold was originally procured for use as monetary symbols, or coins. Such was not the case. It was used in the arts long before any kind of money or monetary symbols were invented. Gold arrow heads, gold knives and swords, gold rings and bracelets, and golden chairs were fabricated long anterior to the era of money.'[1]

"There is a great mass of evidence to show that in the most distant regions and at very different times, cattle formed a currency for pastoral and early agricultural nations. Alike among existing barbarous tribes, and in the survivals discovered among classical nations, sheep and oxen both appear as units of value. Thus we find that Rome, and through the Italian tribes generally, oxen and sheep formed the oldest medium of exchange, ten sheep being reckoned equivalent to one oxen. The recognition of these objects as universal legal representatives of value, or, in other words, as money, may be traced back to the epoch of a purely pastoral economy. . . . The latin word '*pecunia*' (pecus) is an evidence of the earliest Roman money being composed of cattle. . . . The Irish law tracts bear evidence as to the use of cattle as one of the measures of value in early Irish civilisation."[2]

"The ox—the most usual unit of payment in agricultural countries—was very early and very generally equated in Assyrian, Babylonian, Persian, and Greek usage with the gold stater, or didrachma.

"Now if a herd of 100 head of cattle had come to be a common normal wergeld in the Eastern world, and if the gold stater had come to be regarded as the ox unit, it follows that the heavy gold mina of 100 staters would easily come to be adopted as a common equivalent for the wergeld of 100 cattle."[3]

As may be inferred from Genesis xxiii. 16, above quoted, gold and silver must have been used in the land of Canaan, not only in the settlement of transactions but also in the arts long before the land was conquered by the Israelites. 'For the century immediately preceding

[1] *History of Money in Ancient Countries* (1885), p. 3, by A. Del Mar.

[2] *Encyclopaedia Britannica*, Vol. XVI, pp. 722–3.

[3] *Tribal Customs in Anglo-Saxon Law*, p. 4, by Fred. Seebohm. Compare also with p. 151.

the Hebrew (Israelites) conquest we have the contemporary evidence of the Tel el-Amama letters which show . . . that the narrowing lust of gold had then asserted its empire over men. . . . The tribute of Naharina in Thotmes' thirty-third year (1471 B.C.), according to Mahler's chronology, consisted, *inter alia*, of 45 deben 1 ket of gold . . . and we know that gold and silver rings were accurately adjusted to definite weights,'[1] which would of course pass current with the merchant.

There can be no doubt that as gold and silver were great objects of desire as treasure, that they had throughout Biblical history obtained a measure of control over the general level of prices, which control became absolute when they were partly converted into coins for circulation in the community, as in the case of Greece, though it is very significant, as already mentioned, that Israel and Judah at no time had a national metallic currency of their own. During the Greco-Roman occupations Palestine was permitted to make small subsidiary coins only. Yet out of Israel came the Law,[2] and out of Judah came Christ;[3] and Judah was of Israel.

It was not until seven hundred years before the Christian era 'that the Lydians in Asia Minor, at that time ruled by the illustrious dynasty of the Mermnadae, began to stamp small ingots of their native gold with an official mark as a guarantee of just weight, thus rendering an appeal to the scales on every fresh transaction no longer a matter of necessity. The metal was obtained, heavily alloyed with silver, from the washings of the river Pactolus, and in this state was known as white gold or electrum. The earliest issue may have been unofficial, and due to private persons, such as bankers; but, if so, the system was soon monopolised by

[1] *Hastings's Dictionary of the Bible*, Book III, Art. by A. R. S. Kennedy, p. 417.

[2] Note Isaiah lv. 1, 2, on pp. 139, 140.

[3] Compare with John i. 17 on p. 38.

the State. These stamped ingots were the first coins. The official marks on these earliest of all coins consisted merely of the impress of the rude unengraved punches, between which the ingot was placed to receive the blow of the hammer. Very soon, however, the art of the engraver was called in to adorn the lower of the two dies, that of the obverse, with the badge of the state under whose auspices the currency was issued.'[1]

"A second example may be found in the monetary policy of Athens in the time of her Empire (476–405 B.C.). Here we have the authority, not only of numismatic facts but of inscriptions, for the statement that it was part of Athenian state policy to prohibit the issue of coins in all places which were under the Athenian dominion, and to force the subject cities to use the silver *owl* coins of Athens."[2]

The cities so subjected, and it would include those of Palestine during the Greco-Roman occupations, must have suffered tremendously. The adverse tendencies under which they lived would be somewhat similar to those produced by a modern deflationary policy, but they were bound to be in a more accentuated form since the currency was not wholly their own; and what they possessed of it would always be subject to hoarding and a natural drain to its country of origin.

"In European Greece, the money of the kings of Macedon came to an end in 168 B.C. on the defeat of Perseus by the Romans, but soon afterwards silver was again issued in Macedon divided unto four regions under Roman protection. . . . Athens continued to coin throughout the whole of this period on an enormous scale, her tetradrachms forming in fact the staple of the currency for the trade with the East through the market at Delos. Carthage continued to coin until the destruction of the City 106 B.C."[3]

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[1] *A Guide to the Principal Coins of the Greeks* (1932), based on the work of Barclay V. Head (edited by G. F. Hill, Director British Museum), p. 1.

[2] *History of Ancient Coinage*, p. 40, by Percy Gardner.

[3] *A Guide to the Principal Coins of the Greeks* (1932), based on the work of Barclay V. Head (edited by G. F. Hill, Director British Museum), p. 69.

"On the money of the first century B.C. we may trace the rapid extension of the Roman power in every direction. In Egypt the series of Ptolemies ends with the coins of the famous Cleopatra The Syrian series comes to an end in 69 B.C. Throughout Asia Minor the Romans became practically supreme. Towards the close of the century none but Roman coins in gold, and very few in silver, are to be found. The right to strike (coin) bronze money was, however, very generally conceded by Rome to the local municipalities. In European Greece, the Athenians continued their long series of tetradrachms down to the time of Augustus."[1]

When St. Paul said that 'the love of money was the root of all evil,' he meant the lust for gold and silver as treasure or currency. This distinction should be made clear in the Revised Version of the Bible, because the word 'money' as we understand its meaning to-day could not have existed in his time. What St. Paul sought to tell us was that 'the love of gold and silver as treasure or currency (moneta) was the root of all evil.' In this way we can understand that 'moneta,' since it was then substituted for barter, was the root of all evil. This interpretation accords with the general theme of Scripture, and it is important. Even with credit and currency notes pyramided upon 'moneta' to-day, it is still, in view of its mechanism, the root of all evil.

It is on record, however, that 'the coins of the kings and princes of Judea commence with the copper shekels of Simon Hasmonean (143 B.C.) and their halves and quarters; and that they were the earliest examples of stamped money among the Jews.'[2] 'The mite alluded to by St. Mark was a Jewish coin, for the Jews (in Roman times) were not permitted to bring any but Jewish coins into the Holy Place, and for this cause money-changers stood in the entrance of the Temple

[1] *A Guide to the Principal Coins of the Greeks* (1932), based on the work of Barclay V. Head (edited by G. F. Hill, Director British Museum), p. 78.

[2] *Ancient and Modern Coins*, by J. Y. Ackerman, p. 33.

to give Jewish money in exchange for foreign.'[1] To students of Jewish numismatics, the coins of Tyre are also important, the earliest coins of which date back to the middle of the fifth century B.C.

"The money *par excellence* of the Jews during the greater part of the Maccabaean period was obtained from heathen mints, as, with the decline of the central power, the cities of the coast one after another recovered their autonomy. Tyre, in particular, began in 126 B.C.—from which its new era dated—to issue an important series of silver and bronze coins with considerable variety of types."[2]

"In New Testament teaching the talent is the Roman-Attic talent and is not the same as the O.T. talent which was a weight of silver bullion."[2]

Attic coinage means Athenian coinage.

We have seen that the Greek philosophers from Aristotle's time came to look upon stamped gold and silver pieces as the measure of value, an arrangement which would suit the vested interests, i.e. the largest owners of the metals in all Eastern countries. There was of course at all times an established relationship between silver and gold, and gold coins first began to circulate in Greece as a subsidiary of the talent of silver. In reality the actual bi-metallic standard for the time being would be the presumed measure of value, though, as already indicated, gold and silver, separately or taken together, could never in any circumstances be made a measure of value.

It may be said that the kind of currency in vogue in ancient days, even after stamped metal coins were invented, was a form of bi-metallism, and that it was not until the eighteenth and nineteenth centuries A.D. that gold and silver became to all intents and purposes

[1] Marsden's *Numismata Orientalia*, Vol. II, p. 304.

[2] *Hastings's Dictionary of the Bible*, Vol. III, p. 426, by A. R. S. Kennedy.

a uniform bi-metallic standard in the world. These metals, separately, or in relationship, were presumed to be measures of value in the absence of a more definite mechanism; but in order to demonstrate how these fictitious measures have varied throughout the ages, we need only study the variations that have taken place in the relative value of silver to gold. In Babylon, Persia, and ancient Arabia, the value of silver to gold was in the ratio of $13\frac{1}{3}$ to 1.[1] 'The gold daric or stater of Persia weighed up to 130 grains (grm. 8·42) and the silver skekels up to 86 grains (grm. 5·57). And we know on the definite authority of Xenophon that twenty of the silver coins passed as equivalent to one of gold; so we have the formula 1,720 grains of silver are equivalent to 130 of gold, and the relation between these numbers is nearly $13\frac{1}{2}$ to 1. Herodotus in his account of the revenues of Persia says that gold was 13 times as valuable as silver. . . . In Egypt gold was 12 or 13 times more valuable than silver. In the fifth century B.C. when gold coins began to be struck at Athens, the rate had fallen to 12 to 1. This rate continued until the gold coins issued by Philip of Macedon, and the dissipation of the gold treasures of the Persian kings by Alexander, when the rate was brought down to 10 to 1, a value confirmed by the Athenian accounts of 306 B.C.'[2] The Romans introduced their silver coins at the ratio of one-tenth that of gold ones of like weight and fineness. This legal ratio was afterwards changed by them to 11 to 1, and still later to 12 to 1.

In the Arabian states of the seventh century the ratio was about $6\frac{1}{2}$ to 1, yet in Europe in the same period it was 12 to 1 and 10 to 1. During Charlemagne's reign he made silver legal tender at a ratio of 4 to 1, and abolished the Roman ratio of 12 to 1. He adopted a

[1] See p. 142.

[2] *History of Ancient Coinage*, pp. 32–3, by Percy Gardner.

policy the reverse of that pursued by Solon, with the following result:

"The change which we have to try to understand was in the first place a change from a gold to a silver currency, i.e. from the gold currency of Merovingian solidi and tremissis to the silver currency of Charlemagne's 'nova moneta.'"[1]

"So that if a wergeld (meaning death fine in substitution for blood feud between kindreds) were paid in silver, it could now be paid in exactly one-third of the weight of silver hitherto required under the Salic Law, and so of every other debt. Finally, not only was the ratio between gold and silver disturbed, but also the ratio between money and cattle. And this was an important matter in the payment of wergelds, for, as we have seen, the normal wergelds would no longer be paid, as of old, either in gold or cattle, when they could be paid at a third of the value (weight) in silver."[2]

Charlemagne's ratio of 4 to 1 was abolished by one of his successors in A.D. 864 who restored the Roman ratio of 12 to 1. About A.D. 1000 in Scandinavian countries and in England and Scotland the ratio was 8 to 1, and during the twelfth century it was 9 to 1. In Castile and Leon in 1454–74 it was $7\frac{1}{2}$ to 1. In Spain, by the Edict of Medina (1497), the ratio was $10\frac{3}{4}$, and in 1546 it was raised to $13\frac{1}{2}$, and as Spain now monopolised the supplies of the precious metals the rest of the world acquiesced in this valuation. Portugal, in 1688, in consequence of her large imports of gold from the East Indies, Japan, and Brazil, which became much greater than those of Spain, raised the ratio to 16 to 1. Spain in 1775 once again got control of the ratio and lowered it to $15\frac{1}{2}$ to 1 for the Peninsula, permitting it to remain at 16 to 1 in her colonies. France, whose previous ratio (that of 1726) was $14\frac{1}{2}$, in 1785 adopted the Spanish ratio of $15\frac{1}{2}$. The Latin Monetary Union was formed in March 1866, and was composed of

[1] *Tribal Custom in Anglo-Saxon Law* (1902), p. 11, by Fred. Seebohm.
[2] *Ibid.*, p. 179.

France, Switzerland, Belgium, Italy, and Greece (1868). That Union gave the countries composing it a definite bi-metallic standard, the ratio adopted being $15\frac{1}{2}$ to 1. After 1873, however, owing to the demonetisation of silver, the countries adhering to the Union closed their mints to the free coinage of silver. The United States of America adopted a like course.

In England in 1717 the ratio was $15\frac{1}{5}$ to 1, and this continued until 1816 when silver was demonetised. It is to be observed that in the period closing with 1816 the ratio in France was $15\frac{1}{2}$, while in England it was $15\frac{1}{5}$, an arrangement which could only disturb the monetary systems of the two countries at that time. In the United States, 1792 to 1834, the ratio was 15 to 1, and from 1834 to 1873 it was 16 to 1. Both of these ratios varied from the French (1803), Latin Union, and Spanish ratios, which were $15\frac{1}{2}$ to 1.

Since the demonetisation of silver in 1873, its price has been allowed to find its own market level, and it fell gradually to $21\frac{1}{16}$ pence—a ratio of 46 to 1—in 1902–3, recovering to $27\frac{1}{4}$ pence—a ratio of about 37 to 1—in April 1914. In consequence of the War the price of silver rose to $89\frac{1}{2}$ pence in February 1920—a ratio of 11 to 1—but, as a result of the severe deflation of currency that has taken place throughout the world since then, accentuated by the employment of a large volume of currency at the base of an inflated credit structure (which is equal to a deflation of currency), the price fell to as low as $12\frac{1}{2}$ pence in 1931, or to a ratio equal to about 76 to 1. At the moment (October 1933) the price is fluctuating at a ratio of about 73 to 1.

This very brief record of the relative value of silver to gold throughout the centuries, and their control of the welfare of man, is an appalling one. There has been a great lack of consistency in the conception of what a monetary standard should be, and it should be noted

that the changes of value which have taken place in the last sixty years have been against the holders of silver. In those countries where silver has been, and still is, legal tender, and where the people have hoarded their savings in this metal, the impoverishment has been considerable. A large amount of purchasing power has been destroyed, and the tragic part is that nothing has been put forward to replace it.

It does not seem to be generally appreciated that when the price of gold and silver is stabilised that they are really not stabilised in terms of themselves, but only in the purchasing power which they command over all other commodities in general. When we buy gold we offer a given amount of purchasing power in terms of the prevailing monetary unit, but not in terms of gold. This is obviously true since we would not attempt to purchase gold with gold. The price of gold or silver can, therefore, only be stabilised in terms of purchasing power. Under the Central Reserve Standard the currency would in reality be a stabilised pound's worth of purchasing power, which stabilised pound would enable all weights, balances, and measures to function truly in relation to price values. This can perhaps be explained in a more simple way. In 1920 it required twenty-eight quarters of wheat to discharge a debt of £100, but in 1932 it required seventy-seven quarters of wheat to discharge the same debt. In the meantime the quarters of wheat had been made small and the pounds enlarged. If we had had a true measure of value, £100 would still be worth only twenty-eight quarters of wheat, or thereabouts.

Evidence of the fact that we pay for gold in terms of purchasing power is to be found in the price we now pay of 131 shillings per ounce of pure gold, as compared with the fixed price of 84 shillings which we paid when the pound sterling was stabilised at the mint parity of

its exchange. Since this parity was abandoned, sterling exchange rates have now to find their own level in world markets with the result that one ounce of pure gold is now worth about 131 shillings, thus proving that we pay for gold in terms of purchasing power over commodities in general, and that it can only be stabilised in terms of that purchasing power. Thus gold could never be made a true measure of value, and only the carnal mind would attempt to make it so.

* * * * *

This short history of the origin and meaning of money should fill in the background of Scriptural history and teaching which has been missing. To paint it in with a true perspective, it has been necessary to try and understand the meaning which each age has attached to the words 'currency,' 'moneta,' and 'money,' and the scientific implications that were bound to ensue from the policy pursued for the time being. Though Aristotle's knowledge of the Theory of Currency was not complete, nevertheless it was on correct lines; yet we have seen that the Greeks and the Romans were incapable of developing his policy to its logical conclusion largely because they were not imbued with his philosophy, which aimed at separating the good from the evil. Men in control of national affairs, whether it be in politics, banking, or industry, never seem to consider what is best for the community as a whole, but only what they think is best for their own particular interests. Interest and abnormal profit for the few (usury) has at all times been the dominating influence, whereas a wide and equitable distribution of wealth would have been a much sounder philosophy, and, in the long run, more profitable to *all* concerned. Individuals, like nations, cannot prosper on a permanent basis unless their neighbours are prosperous.

Aristotle did not state the proposition truly when he said that usury was merely metallic currency born of metallic currency, or as his modern translators have put it, 'money born of money,' for the simple reason that a metallic currency is not capable of reproducing itself; yet he really meant to emphasise this point. The load of interest which is payable on debts can be paid only out of the annual wealth produced by a nation in any one year, and in the process substantial sacrifices have undoubtedly to be made by the contributors, who in the end are inevitably the wage-earning classes of high and low degree. Interest can never be done away with entirely, provided no more is charged than is necessary to cover the essential services of banking, which in turn employs labour. The banking facilities which are placed at the disposal of the community in general are essential; but when banking and finance are converted into a species of money-getting for the few, then quite clearly a definite line has to be drawn somewhere; and this will be found possible when the nations of the world agree and insist upon the adoption of a just and perfect measure of all values, which alone will prevent the vested interests from taking too much and offering too little; or, shall we say, from making money the master of humanity and not its servant.

The modern world does not use the word 'usury' in connection with banking and finance. It is now applied only to the money-lending of Bond Street, or to the high rates charged in ancient days to which reference has been made. It prefers the polite term 'interest,' yet there is really no difference in principle. This is an age of mass production, and credit is now manufactured in the mass, but on scientific lines, with the result that interest can now be reduced to rates varying between 5 and 8 per cent. outside the Money Market proper. But the total interest payable on the mass of debts

accumulated by the world to-day is enormously greater than it has been at any period of the world's history. Yet logic dictates that these debts, and the interest charges, can be discharged only in terms of wealth and not in terms of gold and/or silver, or by adding debt upon debt of an unproductive nature; for it is clear that those who are entitled to receive them are interested only in the wealth which they may command, and not really in the gold or silver, or in the further credit or debts.

Usury really means a rate of interest which is higher than is requisite, and the abnormal profits earned through monopoly and privilege. Profits earned from service to the public, and through enterprise in that service, are legitimate, and cannot be regarded as usury.

But, as already stated, all values disappear at starvation point—yet of what is the world starved to-day? There is an abundance of wealth everywhere, so much so that it has become an embarrassment. On the one hand we have an embarrassment of riches, on the other an embarrassment of debts. No greater paradox was ever presented to the world. Nations are employing their wits to the end of diminishing output and distribution, and strange to say of increasing debts. Some well-known economists say that the only way to increase prosperity is to spend. But spend what? Is it from a lack of spending, or from a lack of consumption, that the world is suffering? Spending credit will not cure under-consumption.

During the progressive eras of the nations, from ancient to modern times, the idea has been sedulously inculcated into the public mind that the metallic monetary standard, with or without the system of financial credit pyramided upon it, in no way retards the barter of goods and services; and, in fact, that it is in no way a substitute for barter. We are assured, on the contrary, that the standard promotes the barter of goods and services.

The Macmillan Committee has even gone so far as to say that the monetary unit need not be anchored to anything of physical value, and that the world could get along very well with a system of bank credit and currency notes only.[1]

A metallic monetary standard, actual or theoretical, with its corollary of borrowing and lending on credit, definitely restricts barter and prevents an equitable distribution of wealth. It stimulates the desire to borrow at higher rates of interest than is necessary in order to try and make good the deficiencies of the standard. It cannot be too strongly emphasised that the highest function of money is to make each exchange of goods and services an equitable one, that is, to promote distributive justice, which function a metallic standard can in no sense fulfil.

The metallic standard has at all times been subject to increase or decrease from success or failure in war, international trade, and mining discoveries. If one nation is successful in creating a favourable balance of trade, another nation has to suffer for the time being. The debtor nation overcomes this adversity by borrowing a sum equal to the deficit from the creditor nation, and agreeing to pay interest. The penalty imposed for not doing so is an unstable exchange rate with the consequential losses we know of. In ancient days they even went to war for the sake of plundering treasure and furniture; in the late centuries they have added works of art. Polybius attributed the abandonment of the numerary system of Sparta to the lust of foreign conquest, and he further added:

"So long as they confined their views of conquest to the neighbouring states, and to the limits of Peloponnesus they were

[1] See pp. 104–5, *The Crisis of the £*, for a fuller discussion of this point.

able to draw from Laconia itself such supplies as were sufficient for the accomplishment of their designs, as all things that were necessary were collected within their reach, and as the distance was commodious for their return back again to their country and for transporting all their stores. But when they attempted to maintain fleets upon the sea, and to send their armies beyond the bounds of Peloponnesus, it very soon was seen that neither their iron money, nor the exchange of their own natural commodities that was permitted by Lycurgus, was capable of supplying all their wants, but that stores drawn from foreign countries and money of a common value were needed to support such enterprises."[1]

The foregoing is somewhat reflected in modern history. At the present time some Continental nations feel that an increase in their economic prosperity will be possible only when their neighbour's territory or colonies can be acquired, to which end they are setting up political dictatorships, and their economic systems are being organised to conform. Yet the fact that Great Britain, France, the United States, Russia, and Japan influence a large part of the world's territory, and that they have not escaped from the acute economic depression which now prevails in the world generally, should have dissipated this erroneous conception by now.

[1] *Polybius*, Book VI, Extract III, Chapter I.

CHAPTER VIII

ON THE ECONOMIC CONDITIONS WITHIN PALESTINE, AND THE JEWISH AND CHRISTIAN PHILOSOPHIES

In the preceding chapters we have obtained a bird's-eye view of the economic and currency conditions which surrounded Palestine during Scriptural History. It will now be necessary to envisage, as far as we can, what the implications of currency policy were within Palestine itself during the days of Israel and Judah, and at the time of our Lord. A brief study of the philosophy of the sects of the Jews will also be necessary so that we may obtain some idea of the mentality of the scribes, lawyers, and priestly hierarchy, and judge of the treatment meted out by them not only to the Jewish people but to the population as a whole.

We have already seen in the summary of Jehovah's case against Israel (Amos viii) 'that the ephah was made small and the shekel enlarged, thereby falsifying the balances by deceit,' and that as a consequence the earth was to tremble for this sin. From the short history we have given of the economic and currency conditions in countries adjacent to Palestine we can assume that the summary was directed against them as well. It also enables us to conclude that the rulers and merchants of Israel made no attempt to comply with the Mosaic Law in so far as it required a measure of value, and that they were not able to resist the art of money-getting which was so profitably employed by their colleagues in neighbouring countries. Like their neighbours they continued with the use of gold and silver as a substitute for barter,

instead of employing them as an aid thereto, thus falsifying the balances by deceit.

In the following quotations we are given a further insight into the economic conditions which prevailed in Palestine during the days of Israel, and it is to be observed that they are precisely similar to those which Solon was called upon to deal with at Athens at a later period. The difference in time between the events is not material to the dicsussion, for it was a prevalent disease throughout the mercantile world of the age, and one which Solon was first privileged to deal with through his reforms:

(800 B.C.)

"The field is wasted, the land mourneth; for the corn is wasted: the new wine is dried up, the oil languisheth. Be ye ashamed, O ye husbandmen; howl, O ye vinedressers, for the wheat and for the barley; because the harvest of the field is perished. The vine is dried up, and the fig tree languisheth; the pomegranate tree, the palm tree also, and the apple tree, even all the trees of the field, are withered: because joy is withered away from the sons of men. Gird yourselves, and lament, ye priests: howl, ye ministers of the altar: come, lie all night in sackcloth, ye ministers of my God: for the meat offering and the drink offering is withholden from the house of your God." (Joel i. 10–13.)

"Is not the meat cut off before our eyes, yea, joy and gladness from the house of our God? The seed is rotten under their clods, the garners are laid desolate, the barns are broken down; for the corn is withered. How do the beasts groan! the herds of cattle are perplexed, because they have no pastures; yea, the flocks of sheep are made desolate." (Joel i. 16–18.)

(787 B.C.)

"Forasmuch therefore as your treading is upon the poor, and ye take from him burdens of wheat. . . . For I know your manifold transgressions, and your mighty sins: they afflict the just, they take a bribe, and they turn aside the poor in the gate from their right. Therefore the prudent shall keep silence in that time; for it is an evil time." (Amos v. 11–13.)

Israel and Judah refused to have a measure of value, though commanded to do so; they preferred their gold and silver, and refused to render judgment and mercy; and the following additional charges were brought against them:

(725 B.C.)

"The Lord hath also a controversy with Judah, and will punish Jacob (Israel) according to his ways. . . . He is a merchant, the balances of deceit are in his hand: he loveth to oppress." (Hos. xii. 2, 7.)

"Rejoice not, O Israel, for joy, as other people: for thou hast gone a whoring from thy God, thou hast loved a reward upon every cornfloor. . . . They shall not dwell in the Lord's land; but Ephraim shall return to Egypt, and they shall eat unclean things in Assyria. . . . Egypt shall gather them up, Memphis shall bury them: the pleasant places for their silver. . . . They have deeply corrupted themselves." (Hos. ix. 1, 3, 6, 9.)

"I will make Ephraim to ride; Judah shall plow, and Jacob shall break his clods." (Hos. x. 11.)

In view of the discussion which has still to follow, it should be carefully noted that in the last three quotations God had also a controversy with Judah as well as with Israel, and that Ephraim was apparently the leader of the wicked in Israel. The balances of deceit were in all their hands and they loved to oppress. And, as mentioned elsewhere, the tradition was inherited by Judah after the dispersion of Israel, and still later by the Jews who were but a remnant of Judah.

To those possessing even an elementary knowledge of the Quantity Theory of Currency it will have been seen that the burdens borne by the people of Palestine in the centuries preceding the days of our Lord must have been considerable. There never had been a national control of the currency. During the Greco-Roman conquests the Jews and other adjoining States were not permitted to evolve one, and whether attempts were ever

made to procure one is not known. The Temple of Jerusalem was the safe deposit or bank where the rich deposited their treasure, and for centuries the Babylonians, Assyrians, Syrians, Greeks, and Romans had always cast longing eyes on the hoarded treasure, and many invasions were made in the hope of obtaining a share of it, and some were successful. But after making all allowances for this evil, apparently no attempt was made by the Jewish authorities—priests, philosophers, scribes, or lawyers—to obtain for Palestine an independent national currency system conforming to the Mosaic Law; yet it was evident that no enemy could steal the productive power of the country, and still less its power of distribution. If they had possessed the will they would surely have found a way. We have also seen that coins were invented by the Lydians as early as 700 B.C., that Solon had long since instituted his reforms at Athens (currency and financial), and that Aristotle had developed his theory of currency about 350 B.C., with all of which we know the various schools of philosophy at Jerusalem were acquainted. No attempt would ever seem to have been made, apart from Christ and His disciples, to interpret the Law and the Prophets literally in these matters.

It must also have been well known that Israel and Judah had been dispersed to the nations for 'making the ephah small and enlarging the shekel,' and that God had disapproved of gold and silver, either in the form of bullion or coins, being substituted for a scientific system of barter based on a just and perfect measure of value. In the following verse it is also clearly stated that if there had been even one man in Jerusalem willing to execute judgment in accordance with the Law, and to bring about a wide and equitable distribution of wealth, with a view to promoting the welfare of the poor, the fatherless, and the widow, that Israel and Judah would

have been spared. The Jewish authorities were indeed a 'stiff-necked people,' and evidently unwilling to learn from experience.

"Run ye to and fro through the streets of Jerusalem, and see now, and know, and seek in the broad places thereof, if ye can find a man, if there be any that executeth judgment, that seeketh the truth; and I will pardon it." (Jer. v. 1.)

It is significant that it was given to the Lydians to invent the currency, and to Athens to develop the system; and that the territories formerly controlled by Israel and Judah were at no time permitted either by their conquerors, or through their own authorities, to introduce a national metallic currency system. Yet out of Israel has come the Law. We are aware that the Hasmonaean princes, beginning with Simon, 143 B.C., introduced shekels, half-shekels and quarters made of copper, but this was not a serious attempt to deal with the national problem as a whole. No consideration would seem to have been given to the question: What volume of currency, subject to national control, was necessary for circulation to ensure the promotion of distributive justice? And what form should it take? On the contrary, it would seem to have been the deliberate policy of the rich in gold and silver to make these metals dictate the level of prices at which trade should be carried on, and this they were able to do by the simple expedient of allowing the metals, either as bullion or foreign coin, to replace the barter system.

From our past and present experience we know that this policy imposes such burdens as the maldistribution of wealth, unemployment, low wages, destitution and poverty, heavy debts and taxation; and these are precisely what Palestine suffered from in the days covered by Biblical history. Owing to the scarcity of currency,

and, during the Greco-Roman occupations, to the control by the latter of what did circulate, interest rates were high, varying from 15 per cent. upwards according to the risk.[1] Usury was not permitted among the orthodox Jews, but they believed they were allowed to extort as much as they could from the Gentiles. What the Jews overlooked was that the Mosaic Law which prohibited usury was made for Israel as a whole, of which they formed but a minor part. They were merely a remnant of Judah. And as Israel and Judah had formerly been dispersed to the nations, was it possible for the Jews to say who were the strangers within their gates from whom they could exact usury? We know for example that the majority of Greeks, Tyrians, Syrians, Babylonians, and Assyrians were Semitic in origin. Could they be regarded as persons from whom usury could safely be exacted in view of the possibility of their being descendants of Israelites or Judeans?

The Jewish attitude of mind was in a sense nationalistic, and intensely and wholly religious. It is even so to-day. But 'Under the Romans there was a twofold taxation of the Jewish people, civil and religious, and, as they were imposed independently for different purposes, one could not be modified without the other. The ordinary Civil Tax—which in other nations went to support Governments, to equip and pay armies, and build navies—was a religious tax and went to support the priestly hierarchy and Temple worship at Jerusalem.[2] The Mosaic Law on Tithes[3] provided for payment to be made in first fruits, sin offerings, and thank offerings; and at the end of every third year, which was the accounting period, all tithe-payers were to pay any

[1] See pp. 126, 129, 131.

[2] *The Economic Background of the Gospels*, pp. 89, 93, by F. C Grant, D.D.

[3] See Chapter XIII, wherein the relevant verses are quoted.

additional amount that might be due on any increase of wealth that might be shown. Additional minor taxes of a compulsory nature, however, would seem to have been added by the priestly hierarchy, such as redemption money for the first-born child, which was five shekels, and which for a labourer was equal to a week's wages. 'There were also the free will offerings, like those of the rich men who cast in their gifts, and the widow's mite.'[1]

"The embodiment of all these codes and separate laws, dating from different stages of the development of the Israelite ritual, in one law-book, all parts of which were equally binding on the Jewish community from the fifth or fourth century onward, gave opportunity to the authorities of later Judaism, destitute as they were of the sense of historical discrimination, to augment and exaggerate the dues to Priesthood and Temple to an extraordinary pitch. The result, aggravated by the additions which successive interpretations of the law effected, was no small part of those burdens upon the national life in New Testament times, of which we hear complaints through the Gospels."[2]

One reason for the considerable increase in religious dues was the great increase in the number of the priestly class. Aristheus has stated that 700 priests took part in one service alone before 200 B.C.

Josephus also quotes Pseudo-Hecataeus, who said that at about this time the Jewish priests who were in receipt of the tithe of the produce, and were administering the public monies, were at the most 1,500. 'During the Herodian period this number was considerably increased; and if we add the Levites, singers, gate-keepers, and servants, we must estimate the non-producing classes attached to the Temple at many thousands.'[3]

[1] *The Economic Background of the Gospels*, pp. 89, 93, by F. C. Grant, D.D.

[2] Wellhausen as quoted in *Jerusalem*, I, pp. 360 ff, by G. A. Smith.

[3] *Jerusalem*, I, p. 362, by G. A. Smith.

As Schürer says:

"The contributions which the priests received from the people for their support before the Exile were variable and irregular. After the Exile, they were immeasurably increased. In this connexion, it is noteworthy how greatly the priesthood grew in power and influence under the new order of things which succeeded the Exile. The truth is that this increase in power was not only the cause of their increasing claims to authority, but also a result of the enlargement of their material income. The later scribes, who were not always favourably minded toward the priesthood, were unable to alter the situation: for the priestly law had long been accepted as the Law of God. Indeed, the scribes succeeded only in still further increasing this traditional source of priestly income. Upon the principle that a man acquired the more of merit in the sight of God as he the more punctiliously and readily fulfilled the requirements of the law, they interpreted the legal obligations almost wholly in a sense favourable to the priests. And so we behold the remarkable state of affairs of a time when men had already begun to look upon the hierarchy with suspicion, and yet laboured might and main to establish still more securely the privileges and prerogatives of the priestly class."[1]

In addition to the religious burdens on the Jewish people we have to add the Roman maladministration, and Herod's taxation which Josephus has estimated at 1,200 talents. The Romans collected their tribute through the publicans, who might be either companies formed at the Roman capital, or individuals purchasing the concession from the provincial procurator. It was the proverbial dishonesty of these agents that made the system baneful to the Jews. They made their fortunes by exacting unfair taxes, which they also assessed, and any difference between what they received and what they had to pay for their concession was retained as profit for themselves. Thus the more they could squeeze out of the people the greater their profit would be. It

[1] *Geschichte*, II, 297 f.

is no wonder that Theudus and Joseph and others led riots at the time of the taxing.[1]

"Mommsen assumes that Herod's chief income was from direct taxation of the fruits of the soil. In the Syrian period it was customary for a time to exact a third part of the grain, and half the wine and oil. These taxes were subject to change and could not have been permanent. In the time of Caesar, a fourth part of what was sown was required at Sidon in the second year. . . . The tax paid to the Temple in Jerusalem was in addition to this tax—a total, at least in the second year, of 35 per cent., not mentioning the tithes to Hyrcanus and his sons! In the time of Tiberius, according to Tacitus, complaint was made and a petition offered for their reduction. The total taxation included also other classes of imports, customs, sales-tax upon merchandise, import tariffs, highway and bridge tolls, and poll taxes. . . . It was partly the method, partly the positive burden, of the taxation which aroused the opposition of the people."[2]

"The tribute first to Herod and his family, then to the Romans, became an unbearable burden, on top of the theocratic tax paid to the Jerusalem hierarchy. . . . If we may hazard an approximation, where no exact figures are available, the total taxation of the Jewish people in the time of Jesus, civil and religious combined, must have approached the intolerable proportion of between 30 and 40 per cent.; it may have been higher still."[3]

"And it came to pass in those days, that there went out a decree from Caesar Augustus, that all the world should be taxed. (And this taxing was first made when Cyrenius was governor of Syria.) And all went to be taxed, every one into his own city." (Luke ii. 1–3.)

This extortion and excess was not of course a new experience, for we have already seen that during the days of King Rehoboam (Solomon's son) that the people of Israel strongly objected to the burden of taxation which they had then to bear, and which had resulted from Solomon's extravagance; and that they appealed to Rehoboam personally to lighten the intolerable burden,

[1] *Economic Background of the Gospels*, by F. C. Grant, D.D., p. 101.
[2] *Ibid.*, p. 101. [3] *Ibid.*, p. 105.

which he not only refused to do but threatened to increase. Hence his removal from the throne.

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Josephus has told us that he belonged to the Pharisees which sect 'was akin to the Stoics—as the Greeks call them.' St. Paul has also told us that he was a Pharisee,[1] and the son of a Pharisee. In Matthew xxiii there is clear evidence that Christ was fully conversant with the teachings of the various Greek Schools of Philosophy, of which the Pharisees, Sadducees, and Essenes were to an extent really counterparts. The Sadducees were the party of the priestly aristocracy under the later Hasmonaeans, and were strongly opposed to the Pharisees, who were the party of the Scribes. The theological tenets of the Sadducees, as they appear in the New Testament and in Josephus, had a purely political basis. They opposed the doctrine of the Resurrection and the fatalism of the Pharisees, which stood in the way of their political aim. The priestly aristocracy suffered a great loss of position through the subjection of Judea to a foreign power, and they found it was useless to urge political schemes of emancipation while the Pharisees were teaching that Israel's task was to endure in patience until Jehovah redeemed the nation, and that the Resurrection rewarded those who had lived and died in bondage.[2]

As regards to the Essenes their tendency was to withdraw from the affairs of the world, and the ordinary interests of mankind.[3] Agriculture was their favourite occupation. They renounced marriage, and rejected pleasure[4] as an evil. They despised riches not less than

[1] See also Acts xxiii. 6, and p. 175.

[2] *Encyclopaedia Britannica*, 9th Ed., Vol. XXI, p. 142.

[3] This attitude of mind has of course always been a mistake, because it is necessary for those who are prepared to think and act rightly to enter into human activity and mould it to the end desired.

[4] True pleasure and true happiness cannot be evils since they are the results of right-minded thoughts.

pleasure, and poverty and wealth was not observable among them. At initiation everyone had to contribute his property to the common stock, and those in receipt of wages had to hand them over to the funds of the sect. Their membership was open to the outside world, and four separate grades were maintained within the order. If any member touched another of an inferior grade he had to cleanse himself by bathing in water. The Essenes were the first society in the world to condemn slavery both in theory and in practice. They had in fact reached the highest moral elevation attained by the ancient world; they were just, humane, benevolent, and spiritually minded. Josephus tells us that they lived the same kind of life as the Pythagoreans.[1] In beliefs, institutions, and tendencies there was a close resemblance. 'Greek culture was widely diffused among the Jews; the Greek philosophy was accessible to their scholars. . . . We see more clearly the proverbial intensity of the Jews, seeking in an organised seclusion from the world that satisfaction which they could not find in a disturbed and decaying national life. The Jewish people were unhappily hastening to the final catastrophe; misrule, corruption, and fanaticism were everywhere gathering head; good men despaired of controlling such a headlong and turbulent movement; what could those do who could withdraw from it, but try to cultivate a purer life under such conditions as secured or admitted it, in the exclusive society of men like-minded with themselves.'[2]

Into the midst of this life came our Lord Jesus to fulfil His Mission, and we can see even now the Scribes and Pharisees, including the lawyers, saying to them-

[1] The following should also be noted: "For it is very truly affirmed of this Pythagoras, that he took a great many of the laws of the (Thracians and) Jews which he transferred into his own philosophy." (Josephus, Vol. III, 7.)

[2] *Encyclopaedia Britannica*, 9th Ed., Vol. VIII, pp. 550–2.

selves—'Who is this man who seeks to teach us a new doctrine? What can he know of Greek Philosophy? What can he teach us comparable to what we know of the Philosophy of the Stoics, and also of the Greek theories of currency, Plato's Republic, and even to what we understand of Aristotle's measure of value—all the latest modern thought, which we as Jews have absorbed into our own mode of life.[1] We belong to the progressive school. In any event there can be no room for sentiment in economic science. There can be no alternative to a gold or silver standard. Let us therefore question this man Jesus, and make him look foolish in the eyes of the people.' In the following quotations, which should be read in conjunction with St. Matthew xxiii, 23–5,[2] quoted on page 83, it will be seen that in His chastisement of the Pharisees our Lord Jesus possessed not only a deep knowledge of the Greek and Jewish philosophies, but also that deeper knowledge of economic philosophy requisite to enable Him to chastise the Pharisees and accurately point out the excess and defect of their doctrine:[3]

"Then spake Jesus to the multitude, and to his disciples, Saying, The Scribes and the Pharisees sit in Moses' seat: All therefore whatsoever they bid you observe, that observe and do; but do not ye after their works: for they say, and do not. For they bind heavy burdens and grievous to be borne, and lay them on men's shoulders; but they themselves will not move them with one of their fingers. But all their works they do for to be seen of men: They make broad their phylacteries,[4] and enlarge the

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[1] The Pharisees, as well as the other sects, taught their doctrine throughout the area to which their influence extended.

[2] The whole of Matthew xxiii could be read with advantage.

[3] Christ also lectured to the Sadducees. See Matthew xx. 29–33, p. 35; see also Matthew xvi. 12, p. 44.

[4] A phylactery was a slip of parchment inscribed with certain passages of Scripture which was worn by the Jews on the left arm or forehead. See also footnote on p. 92.

borders of their garments, And love the uppermost rooms at feasts, and the chief seats in the synagogues, And greetings in the markets, and to be called of men, Rabbi, Rabbi." (Matt. xxiii. 1–7.)

"But woe unto you, scribes and Pharisees, hypocrites! for ye shut up the kingdom of heaven against men: for ye neither go in yourselves, neither suffer ye them that are entering to go in . . . ye devour widows' houses, and for a pretence make long prayer: therefore ye shall receive the greater damnation. . . . Ye fools and blind: for whether is greater, the gold, or the temple that sanctifieth the gold? . . . Ye fools and blind: for whether is greater, the gift, or the altar that sanctifieth the gift?" (Matt. xxiii. 13, 14, 17, 19.)

The heavy burdens that were laid on men's shoulders are more specifically referred to in Matthew xxiii. 23–5,[1] and it is significant that Christ keeps returning to the main theme—"For whether is greater, the gift, or the altar that sanctifieth the gift?" The extortion and excess to which He referred were brought about very largely by the defects inherent within the currency system as then constituted. And the Pharisees made no attempt, even in the slightest way (even with one of their fingers), to modify the system or the consequential burdens of taxation imposed on the working population.

As in other countries Jerusalem had its money-changers who had their seats in the Temple (in Athens they had them in the market-place), and it is recorded in Mark xi. 15, and in John ii. 14–16, that Jesus made a scourge of small cords and drove them out of the Temple. He overthrew their tables and scattered their money. They evidently also made a business of buying and selling sheep, oxen, and other produce for gold and silver. We may be sure that the money-changers made a handsome

[1] See p. 83, and also p. 44.

profit from the conversion of foreign money,[1] and from their other transactions. It is also recorded that 'the Jews were not permitted to bring any but Jewish coins into the Holy Place, and for this cause money-changers stood in the entrance of the Temple in order to give Jewish money in exchange for foreign money.'[2] Why this should be necessary is inexplicable if contributions were required to maintain the services and assist the poor, but perhaps it was another expedient resorted to by the money-changers in order to increase their profits. Even if the contributions had to be in Jewish money before being taken into the Holy Place, they were in any event the result of conversion from foreign money, and must therefore have been tainted.

A great deal has been made of the apparent advocacy of usury by our Lord Jesus in the parable of the talents mentioned in Matthew xxv, 14–30.[3] But there is really no mystery here if verse 14 is read carefully, as follows: 'For the kingdom of heaven is as a man travelling to a far country.' The emphasis is on the 'is as,' which means 'like unto.' When Jesus was illustrating His points to the multitudes He preferred where possible to

[1] The following are the denominations of the foreign currency in circulation in Palestine at the time of our Lord:

GREEK SYSTEM

Talent	(£240)	=	60 Minas
Mina	(£4)	=	100 Drachmas
1 Drachma	(9½d.)	=	6 Obols
1 Obol		=	8 Chalki

ROMAN SYSTEM

1 Aureus	(£1)	=	25 Denarii
1 Denarius	(9½d.)	=	16 Asses
9 Asses		=	4 Quandrantes

Hastings's Dictionary of the Bible, 1908 Edition, Vol. II, Art. by Norman Fraser, pp. 198–201.

[2] Marsden's *Numismata Orientalia*, Vol. II, p. 304.

[3] Luke xix, 13 reads minas instead of talents.

speak in parables, or as we should say to-day to give illustrations, and He was not unwilling to place extremes in apposition, if it would help to emphasise His points. The simple mind had to be reached and He was aware that it would be difficult to get the people to understand were He to speak in the deeper language of which He was capable. To overcome this difficulty He introduced His parables of the talents and of the unmerciful servant in the ordinary language of the day. But it would be absurd to say that Jesus supported the principle of usury, for shortly before He spoke of the talents He had driven the money-changers from the Temple, who were then living on usury and the profits of exchange. Jesus did not in fact say that to him that hath riches in gold and silver more shall be added. What He sought to illustrate was that to him that hath riches in the knowledge and wisdom of God, and who seeks for more, more shall be added, 'and from him that hath not shall be taken away even that which he hath.' This interpretation is confirmed in John xv. 1–3, as follows:[1]

"I am the true vine, and my Father is the husbandman. Every branch in me that beareth not fruit he taketh away: and every branch that beareth fruit, he purgeth it, that it may bring forth more fruit. Now ye are clean through the word which I have spoken unto you."

Another extreme illustration which Jesus used was that of the unmerciful servant in Matthew xviii, verses 23–5. Here the master is made to forgive the servant ten thousand talents, which with gold at 84s. per fine ounce, would be worth the sum of nearly £2,500,000 in British money to-day. The servant in turn sought to compel the payment of a debt due to him of a 100 denarii, which was worth only about £4 with gold at 84s.[2] It

[1] See also Matthew xiii, 12, and Luke viii, 18.

[2] In the A.V. and R.V. of the Bible the servant's debt is placed at 100 pence, but it would be more correct to say about 100 shillings.

was an example of base ingratitude, but to measure its baseness it was shown that £2,500,000 was forgiven the servant, and that afterwards he was mean enough to claim in an unmerciful spirit the paltry sum of £4. But the question that arises here is—What servant would have the privilege of owing a master £2,500,000, even to-day? The answer is that Jesus merely used a similitude.

"I have also spoken by the prophets, and I have multiplied visions, and used similitudes, by the ministry of the prophets." (Hos. xii. 10.)

To prove that Jesus did not support the principle of usury[1] He has said in Matthew v, verse 18, that 'one jot or one tittle shall in no wise pass from the law till all be fulfilled.' We can draw from His parables only the moral He was seeking to establish; and we can take our specific instructions only from what He specifically declared at other times. It is the specific declarations that matter, and that are of practical importance.

Christ's teaching is extraordinarily well balanced—sane, moderate, loving, loyal, charitable, and firm when occasion demands it. It was the only beacon that stood high in the mountains above all the sordid materialism of His time. Some people may doubt that the Old and New Testaments are divinely inspired, but they cannot point to any other works that have stood the test of time and that are as perfect in their ethical and moral teaching. Ultimate reality was what the people of Palestine sought to attain; it is what humanity seeks to attain to-day; and no alternative is likely to replace it. If Christ is not the Son of God, the fact that He arose out of the midst of the sordid materialism we have discussed, and with a perfect knowledge of all the virtues, will in itself surely remain a mystery with

[1] In the Hebrew Dictionary the word for 'usury' is 'neshek,' meaning literally a 'bite,' from its painfulness to the debtor.

the sceptics and the atheists. Many have said that they like Him as a man, and as a teacher, but a deeper explanation than this is necessary to explain not only His perfect balance and moderation, but also the like attributes to be found in His disciples. Then again, a further explanation will be required to explain the consistency of the main theme which runs throughout the Old and New Testaments.

* * * * *

St. Paul was not only thoroughly conversant with the philosophies of the Pharisees, Sadducees, and Essenes, but he was also fully conversant with the philosophies of the various Greek Schools, and having observed their errors he warns us against them as follows:

"In whom (God the Father and Christ) are hid all the treasures of wisdom and knowledge. . . . Beware lest any man spoil you through philosophy and vain deceit, after the tradition of men, after the rudiments of the world, and not after Christ. For in him dwelleth all the fulness of the Godhead bodily. . . . Wherefore if ye be dead with Christ from the rudiments of the world, why, as though living in the world, are ye subject to ordinances, after the commandments and doctrines of men? (Touch not; taste not; handle not; which all are to perish with the using;) Which things have indeed a shew of wisdom in will worship, and humility, and neglecting of the body; not in any honour to the satisfying of the flesh." (Col. ii. 3, 8, 9, 21–3.)

"And I, brethren, when I came to you, came not with excellency of speech or of wisdom, declaring unto you the testimony of God. . . . My speech and my preaching was not with enticing words of man's wisdom, but in demonstration of the Spirit and of power." (1 Cor. ii. 1, 4.)

"But as it is written, Eye hath not seen, nor ear heard, neither have entered into the heart of man, the things which God hath prepared for them that love him. But God hath revealed them unto us by his Spirit: for the Spirit searcheth all things, yea, the

deep things of God. For what man knoweth the things of a man, save the spirit of man which is in him? even so the things of God knoweth no man, but the Spirit of God." (1 Cor. ii. 9–11.)

"Now we have received, not the spirit of the world, but the spirit which is of God; that we might know the things that are freely given to us of God. Which things also we speak, not in the words which man's wisdom teacheth, but which the Holy Ghost teacheth; comparing spiritual things with spiritual. But the natural man receiveth not the things of the Spirit of God: for they are foolishness unto him: neither can he know them, because they are spiritually discerned." (1 Cor. ii. 12–14.)

"For the love of money is the root of all evil: which while some coveted after, they have erred from the faith, and pierced themselves through with many sorrows." (1 Tim. vi. 10.)

"Charge them that are rich in this world, that they be not high-minded, nor trust in uncertain riches, but in the living God, who giveth us richly all things to enjoy; That they do good, that they be rich in good works, ready to distribute." (1 Tim. vi. 17, 18.)

"Keep that which is committed to thy trust, avoiding profane and vain babblings, and oppositions of science falsely so called: which some professing have erred concerning the faith. Grace be with thee." (1 Tim. vi. 20, 21.)

In 1 Tim. vi. 10 above it will be seen that St. Paul emphasised much more than Aristotle did that the love of money (a gold and silver currency) was the root of all evil. It is significant that both establish this thesis at the base of their philosophy, and it should not be forgotten that St. Paul first became a Pharisee before following the teaching of Christ. From our knowledge of the subject we can now add that a lack of a sound currency based on wealth (starvation in the midst of plenty) is equally part of the 'root of all evil.'

St. Paul has also taught us the fundamental difference between the Greek and Jewish philosophies and Christian economic philosophy. Though the ethical instruction of men may reach a high standard, yet it must fail in

the end because it is not of the spirit and of power. The members of the body, including mind, reason, will, spirit, and soul, are all God's. If then the mortal body be their temple, and, if we so wish it, the temple of the Holy Ghost, how can the philosophies of men succeed if they remain out of touch with what is natural, or shall we say, with their source of origin? Evil does not reside in reality but only within those spheres of activity which men directly control, and it is only within these spheres that the devil (the prince of this world) can obtain his opportunities. He has no scope within anything which is natural. Thus before men can eliminate what is evil from life, they must conform their every-day actions to what is natural. And while Israel and Judah did not become the exemplary nation as God intended them to be, it is certain that the evils which befell them were intended to be an exemplary lesson to us, that is, an example of what happens when men pursue their own worldly ways.

It would be difficult to establish a sphere of good if it were to rest solely on man's definition of ethics; and we have seen that philosophers are not infallible. The two essentials necessary before a sphere of good could be successfully established, and requisite to hold men together, are the first and second great commandments. They are necessary to encompass all good things. And there is one other point that should be noted—In vain do we seek in the doctrine taught by the Old and New Testaments for contradictions and errors similar to those to be found in philosophic works. The consistency of the theme running throughout the Old and New Testaments is remarkable; and in its development there was plenty of room for contradiction and error; but these the prophets and the disciples in some miraculous way were able to avoid. We find them in harmony and agreement, and in no other sphere can we find such unanimity.

CHAPTER IX

SUMMARY OF ECONOMIC SYSTEM REJECTED BY ISRAEL AND JUDAH, AND THE WORLD POSITION OF THE JEWS

In view of the intolerant attitude adopted by a large number of people throughout the nations towards the Jews, which is most noticeable in Central Europe, and the persecution which they have suffered throughout the centuries, it may be helpful and informative if we conclude Part I with a short study of their position in Biblical History, which study is necessary if we are to understand their present world position. It is obvious that the mental attitude of the Jews towards the world must change, likewise the mental attitude of the world towards the Jews, before a change of heart can take place; and our object must now be to ascertain the historical facts which have produced the present distressful position. That the prevailing opposition is largely due to a belief that the Jews have some sinister control over international financial and monetary affairs, no one can deny. And I think the evidence so far submitted confirms that evil resides within, and emanates from, monetary systems as constituted, and that this was confirmed by St. Paul when he said 'that the love of money is the root of all evil.' The evidence also proves that the Jews were not responsible for the introduction of the gold and silver standards, though they would seem to have had a great deal to do with originating the idea of pyramiding financial credit upon the metallic standards, and in making the world believe that financial credit units of money were as good as

standard currency units of money. Nevertheless, the Athenian currency and financial reforms of Solon alone will be sufficient to prove that the present financial difficulties of the world are but an aggravated form of those with which he had to deal, and with which the Jews were not concerned.

The most that can be said of the Jews, apart from their rejection of Christ, is that they did not respond to that part of the Mosaic Law—the Law of God—which governs monetary and economic affairs, and which presumably is the basis of their faith. The historical evidence so far submitted, and still to come, conclusively proves that Israel and Judah consistently refused to adopt the Key-Commandment, and instead preferred to follow their own ideas, to seek worldly pleasures, and to worship false gods. Meanwhile the metallic standards have become Christian institutions which the Jews have joined, and from which they have profited much. We need not shut our eyes to this fact.

But we have now arrived at the cross-roads, and we have to choose the road along which we propose to go. This is the decisive factor in the world problem, and the position of the Jews in the affairs of that problem is equally important. Before this can be determined we have to ascertain who the Jews are, what their position is, and what their claims are; and whether their position and claims can be substantiated and corroborated. The answers to these questions will surely be of interest to Jews generally, for if they are claiming too much, and if they could but secure the co-operation and respect of Christian and Gentiles alike by modifying their claims, it would surely be a gain not only for them but also for the world. It cannot afford the Jews much satisfaction to be always persecuted and made the shuttlecock of nations. If they believe in the Law of God they must know that the nations for the most part are also believers. Is it

then natural that those who profess to love God should be intolerant of each other, and refuse to work together for the common good? Before the world problem can be fully solved this question has to be answered.

The first point which Jews should take into serious consideration is this: If they wish to bring about a removal of the prejudice which exists against them in many directions, would it not be a wise thing for them to modify their claim that they are Israel? All the available evidence proves that they are but a remnant of Judah only, which is of Israel. What they do not seem to understand is, that in putting forward the wider claim they are assuming the full burden of responsibility which properly belongs to Israel and Judah. As Jews, they are not solely responsible for the sins committed before 740 B.C., and 590 B.C., by Israel and Judah. They have a sufficient responsibility for those committed between those times and their rejection of Christ, and since, without adding to their troubles. Thus the appeal here made is that they should literally accept not only the Law but also the historical facts as they are taught by the Prophets. A similar appeal is made to Christians, and if an agreement could be reached on this fundamental point it would inevitably lead to unity.

The claim of the Jews that they alone are Israel is an extremely old one, and it goes back as far as 594 B.C. It is recorded that the prophet Ezekiel, who was then residing in Babylon, appealed to God to say whether it was His intention to make a full end of Israel, because it was being said by the inhabitants of Jerusalem to their brethren of Israel in captivity: 'Get you far from the Lord, for unto us is this land given in possession.'[1]

"Therefore say, Thus saith the Lord God; Although I have cast them (Israel) far off among the heathen, and although I have

[1] Ezekiel xi. 13–15.

scattered them among the countries, yet will I be to them as a little sanctuary in the countries where they shall come. . . . I will even gather you from . . . the countries where ye have been scattered and I will give you the land of Israel . . . from which they shall take away all detestable things. . . . And I will put a new spirit within them." (Ezek. xi. 16–19.)[1]

Now this is a very definite and unequivocal statement, and one from which the Jews cannot escape. God Himself has rejected their claim. Moreover, it may not be out of place to point out here that the nation which has reconquered Jerusalem and Palestine, and which at the moment is removing all detestable things, and strengthening the coast by building safe harbours, is Great Britain. Thus the claim of the Jews that they should have Palestine for a national home is not a valid one. The utmost they can expect is to receive sanctuary there until unity has been established, and even then they will be but a part of Israel, who shall control and inhabit Palestine.

In order to clear up the points at issue let us now examine the historical events as recorded in Scripture, and it should be noted that the message in the verse which follows was addressed to Israel some time before her first captivity:

(800 B.C.)

" Because ye have taken my silver and my gold, and have carried into your temples my goodly pleasant things: The children also of Judah and the children of Jerusalem have ye sold unto the Grecians, that ye might remove them far from their border. Behold, I will raise them out of the place whither ye have sold them, and will return your recompense upon your own head: And I will sell your sons and your daughters into the hand of the children of Judah, and they shall sell them to the Sabeans, to a people far off: for the Lord hath spoken it." (Joel iii. 5–8.)

This declaration obviously refers to the attack which

[1] The word 'you' quoted in these verses quite clearly refers to the whole of Israel.

Joash, king of Israel, made upon Amaziah, king of Judah, about 826 B.C. The latter was taken prisoner to Jerusalem, and Joash broke down the wall of Jerusalem at the gate of Ephraim, and 'he took all the gold and the silver, and all the vessels that were found in the house of God with Obed-edom, and the treasures of the king's house, the hostages also, and returned to Samaria.'[1] This defeat was inflicted upon Judah because she had pursued evil ways and had worshipped false gods. She had not adhered to the Laws, Statutes, and Commandments of God.

In 741 B.C. Ahaz, king of Judah, was also defeated by Rezin, king of Syria, and by Pekah, king of Israel, because he walked in the ways of the kings of Israel and made also molten images for Baalim. Pekah slew 120,000 Judeans in one day, and this punishment came because they had forsaken the Lord God of their fathers. At this time a great multitude of captives were taken to Damascus, and Israel also carried away captive of their brethren (Judah) 200,000 men, women, sons, and daughters, and 'took also away much spoil from them, and brought the spoil to Samaria.'[2]

The attack upon Judah was the result of a conspiracy between Israel and Syria to capture Judah and its throne for Pekah, king of Israel, but it did not succeed. God was wroth with Israel for having slain the Judeans and for desiring to detain the captives as bondmen and bondwomen; and at the request of Oded, a prophet of the Lord, they were returned with all the spoil to Jericho, the city of palm trees on the border of Judah.[3] In the meantime it is evident that some were sold as slaves to Greece, and probably to adjoining countries, and it is probable that many stayed behind in freedom in Samaria. No mention is made of those who were taken

[1] 2 Chronicles xxv. 23–4.
[2] 2 Chronicles xxviii. 6–8.
[3] 2 Chronicles xxviii. 9–15.

captive to Damascus, but we can infer that most of the Judeans were rescued when Damascus was attacked a year or two later by Tiglath-pileser, king of Assyria, who received a monetary compensation from Ahaz, king of Judah, for so doing. At this time Rezin, king of Syria, was slain.[1]

A few years later Pekah, king of Israel, and Ahaz, king of Judah, both died. The former died three years before the latter, and they were succeeded by Hoshea, king of Israel, and by Hezekiah, king of Judah. In the ninth year of the reign of Hoshea, Samaria (Israel) was invaded by Shalmaneser, king of Assyria, and made a subordinate state to Assyria, with Hoshea still as king. The latter, however, chafed at his position, and refused to send his tribute money; thereupon Samaria was invaded once more, the Israelites were taken captive to Assyria, and settled 'in Halah, and Habor by the river Gozan, and in the cities of the Medes.'[2]

Judah was not taken captive at this time because Hezekiah was in favour with God. But about 721 B.C. the king of Assyria repeopled the cities of Samaria (Israel) with men from Babylon, Cuthah, Ava, Hamath, and Sepharvaim; 'and they possessed and dwelt in the cities thereof.' These immigrants, however, continued to worship their own gods, and did not follow the Laws, Statutes, and Commandments 'which the Lord had commanded the children of Jacob, whom He named Israel.'[3]

Now the interesting point to be observed here is that Israel as a race was completely taken away and replaced by a cosmopolitan people of an eastern type. The question now is—Where are the Israelites to-day, for they are certainly not Jews? If there is not to be a race or nation with God as well as grace, Scripture has

[1] 2 Kings xvi. 5–8.
[2] 2 Kings xvii. 4–6.
[3] 2 Kings xvii. 24, 34.

no meaning. At any rate the point so far proved is that the people of Samaria from 721 B.C. onwards were for the most part of foreign origin. But God would have accepted them, though not as a substitute for His own people, had they forgone the worship of their false gods, and chosen to obey His Laws, Statutes, and Commandments:

(712 B.C.)

"Neither let the son of the stranger, that hath joined himself to the Lord, speak, saying, The Lord hath utterly separated me from his people. . . . Also the sons of the stranger, that join themselves to the Lord, to serve him . . . Even them will I bring to my holy mountain, and make them joyful in my house of prayer: their burnt offerings and their sacrifices shall be accepted upon mine altar; for mine house shall be called an house of prayer for all people. The Lord God which gathereth the outcasts of Israel saith, Yet will I gather others to him, beside those that are gathered unto him." (Isa. lvi. 3–8.)

Let us now study the position of Judah. Eight years after the invasion and capture of Israel, Sennacherib, the new king of Assyria, invaded Judah and came up against the fenced cities and took them.[1] He tried to capture Jerusalem and failed. Because Hezekiah believed in God, and followed in His ways, Sennacherib's army was destroyed by an angel of the Lord who smote them in camp during the night.[2] During his reign Hezekiah prospered exceedingly, and Judah had not known such prosperity since the days of Solomon. This fact should be carefully noted for it is extremely significant. The reason for Hezekiah's prosperity was that he wrought that which was good and right and true before the Lord his God, and in every work that he began in the service of God, and in the law, and in the commandments, to seek his God, he did it with all his heart, and prospered.'[3] Hezekiah died about 705 B.C.

[1] Isaiah xviii. 13. [2] Isaiah xix. 35. [3] 2 Chronicles xxxi. 20–1.

"Did not thy father eat and drink, and do judgment and justice, and then it was well with him? He judged the cause of the poor and needy; then it was well with him: was not this to know me? saith the Lord." (Jer. xxi. 15-16.)

There followed a succession of kings most of whom pursued evil ways, and at last when we come to Jechoniah (599 B.C.), who also pursued evil ways and reigned only for three months, Judah was invaded by Nebuchadnezzar, who carried away the king, his mother, and all the princes, seven thousand mighty men of valour, ten thousand captives, and one thousand craftsmen and smiths: none remained, save the poorest sort of people of the land.[1]

Nebuchadnezzar appointed Jechoniah's uncle as king, who changed his name to Zedekiah. This king was twenty-one years old when he began to reign, and he reigned for eleven years. But Zedekiah eventually rebelled against Nebuchadnezzar and this led to the latter's second invasion of Judah (588 B.C.), and to the final deportation of all that was left of Judah,[2] except the very poor people who were left as vinedressers and husbandmen, and were thereby, no doubt, given a new lease of life. Four thousand six hundred persons in all were taken captive to Babylon. Zedekiah's sons were killed, and after his eyes had been put out he was taken in fetters to Babylon.[3]

Thus we come to the official end of Judah. But it is somewhat significant that the last four verses of the book of Jeremiah, likewise the last four verses of the second book of Kings, make a pointed and specific reference to the release of Jechoniah[4] from prison after thirty-seven years' confinement. They mention that he was treated with kindness and marked respect by the then king of Babylon, who gave him a throne above all

[1] 2 Kings xxiv. 11–17. [2] 2 Kings xxiv. 17–20.
[3] Jeremiah lii. 11. 30. [4] Known also as Jehoiachin and as Joachin.

the other kings who were, like himself, prisoners in Babylon. Now if we refer to Matthew i. 11–17, we shall find that Christ was the end of the direct Birthright Line through Jechoniah and his legal father Joseph, and this apparently is the reason for the pointed reference. If we refer to Luke iii. 23–38 we shall also find that His mother Mary was descended from David. Therefore, apart from His Divinity, Christ was of the Blood Royal.

The last chapter of Jeremiah, which merely recapitulates chapter xxxix of the same book, deals with the final capture of Zedekiah, his sons, princes and people; yet, as indicated, the last four verses would seem to wish to lay emphasis on the position of his predecessor, and the marked attention which he received after thirty-seven years of captivity. Jechoniah and his family were 'taken and set' in the mountain of Israel, which was then in captivity in Babylon and Assyria.

* * * * *

Let us now examine the real reasons for the captivities of Israel and Judah. We have been told that they pursued evil ways, worshipped false gods, and disobeyed the Laws, Statutes, and Commandments. We have also seen that when they were in favour with God that they became exceedingly prosperous, as in the days of king David, king Solomon, and king Hezekiah, and this fact should not be lost sight of. But it would be helpful if we could obtain more detailed information regarding the actual rules or economic laws that were broken. This we shall be able to do by examining the works of the prophets Isaiah and Jeremiah. Before the final captivity of Israel, her king, princes, and important people were invited to take counsel together, and, if they replied favourably, they were told that the break up of their kingdom should come to nought, for God

was with them.[1] Israel refused to listen, hence her final dispersion. But God is forgiving, and His hand is stretched out still. He is determined that Israel shall one day be restored and yet become an exemplary nation, and what He has declared shall come to pass. His guiding policy regarding Israel was, and is, as follows:

"For I the Lord love judgment, I hate robbery for burnt-offering; and I will direct their work in truth, and I will make an everlasting covenant with them. And their seed shall be known among the Gentiles, and their offspring among the people." (Isa. lxi. 8–9.)

"They shall be my people and I will be their God. . . . Yea, I will rejoice over them to do them good, and I will plant them in this land assuredly with my whole heart and with my whole soul . . . fields shall be bought in this land . . . for silver." (Jer. xxxii. 38–44.)

"I will cure them, and will reveal unto them the abundance of peace and truth . . . and I will pardon all their iniquities." (Jer. xxxiii. 6–8.)

"The anger of the Lord shall not return, until he have executed, and till he have performed the thoughts of his heart: in the latter days ye shall consider it perfectly." (Jer. xxiii. 20.)

Just before the final dispersion of Judah the Lord commanded Jeremiah to make a similar final appeal to the Jews to mend their ways and He would forgive all. He would still build His exemplary nation upon the remnants of Israel and Judah.[2] If they conformed to the Law, God would still cause them to dwell in the land which He gave to their fathers, for ever and ever.[3] In Jeremiah we get some of the prerequisite economic conditions required, and these with what we already

[1] Isaiah viii. 9, 10.

[2] Compare the following: (626 B.C.) "Go, enquire of the Lord for me, and for them that are left in Israel and in Judah." (2 Chron. xxxiv. 21.)

[3] Jeremiah vii. 7.

know of the Law, enable us to visualise the complete economic system to which Israel, and subsequently the remnants with Judah, were asked to conform.

The following is a summary of the mechanism of the economic system which God sought to introduce for the better government of Israel and Judah, and to which they were obliged to conform before they could be in favour with Him, and realise the promises made to their fathers:

(1) They were to execute judgment and righteousness, and deliver the spoil out of the hands of the oppressors. They were to do no wrong or violence to the stranger, to the fatherless, or to the widow. They were not to shed innocent blood.[1]

(2) They were to have no bondmen nor bondwomen. Liberty was to be given to every man. In other words, there was to be no slavery.[2]

(3) They were not to use their neighbour's services without wages in the building of houses or otherwise. No part of the hire of the labourer was to be withheld.

(4) They were to judge the cause of the poor, the fatherless, the widow, and the needy, by which is meant that they were to promote distributive justice.[3]

(5) They were not to make the ephah small nor enlarge the purchasing power of the shekel.[4] They were to have a just and perfect measure of value, and just and perfect weights and measures.[5]

(6) Usury was to be forbidden, both in gains and in interest, even against the stranger.[6] Productive power was to be service power, and in this service a legitimate profit was permissible.

(7) They were to tithe their first fruits and increase.[7]

If these conditions were fulfilled, in addition to those on pp. 67–9:

"then shall there enter in by the gates of this house kings sitting upon the throne of David, riding in chariots and on horses, he,

1 Jeremiah xxii. 3. 2 Jeremiah xxxiv. 10–15.
3 Jeremiah xxii. 13–17. 4 See summary against Israel, Amos viii.
5 Deuteronomy xxv. 13–15, and Amos viii. 6 Leviticus xxv. 35–6.
7 See Chapter XIII.

and his servants and his people. But if ye will not hear these words, I swear by myself, saith the Lord, that this house shall become a desolation." (Jer. xxii. 4, 5.)

If the foregoing conditions were fulfilled God also promised that:

> "For brass, I will bring gold,
> For iron, I will bring silver,
> For wood, I will bring brass,
> For stones, I will bring iron."[1]

When people are prosperous they usually sell their cheap ornaments and replace them with better ones made of gold and silver; they are also then more disposed to beautify their homes and to encourage the arts and architecture. When they are not prosperous they sell their fine ornaments for cash and replace them with ones made of cheaper metals, and in other respects they live on a basis of strict economy; one result of which being that the beautification of their homes, and the arts and architecture, are neglected. Thus it will be seen that the whole policy outlined in Scripture conforms to strict economic fact. God provides but we have to divide, and what He has promised still holds good.

That the objective end of the economic system outlined above was to promote and bring about a wide and equitable distribution of wealth, to the end that there should be no poor within its gates is apparent; and that Israel did not lack a definition of wealth, or a knowledge of what it meant, may be gathered from the following:

"For the Lord thy God bringeth thee into a good land, a land of brooks of water, of fountains and depths that spring out of valleys and hills; A land of wheat, and barley, and vines, and fig trees, and pomegranates; a land of oil olive, and honey; A land wherein thou shalt eat bread without scarceness, thou shalt not lack any thing in it; a land whose stones are iron, and out of

[1] Isaiah lx. 17.

whose hills thou mayest dig brass. When thou hast eaten and art full, then thou shalt bless the Lord thy God for the good land which he hath given thee." (Deut. viii. 7–10.)

" Beware that thou forget not the Lord thy God, in not keeping his commandments, and his judgments, and his statutes, which I command thee this day: lest . . . when thy herds and thy flocks multiply, and thy silver and thy gold is multiplied, and all that thou hast is multiplied; Then thine heart be lifted up, and thou forget the Lord thy God, Who brought thee forth out of the land of Egypt, from the house of bondage. . . Who fed thee in the wilderness with manna, which thy fathers knew not, that he might humble thee, and that he might prove thee, to do thee good at thy latter end; And thou say in thine heart, My power and the might of mine hand hath gotten me this wealth. But thou shalt remember the Lord thy God: for it is he that giveth thee power to get wealth, that he may establish his covenant which he sware unto thy fathers, as it is this day." (Deut. viii. 11–18.)

In the last few lines God clearly declares that He is the provider of all wealth[1] and that He provides man with the power to get the wealth which he must earn by the sweat of his brow. But He also provided man with the power to distribute the wealth equitably through a stabilised monetary mechanism. The latter part is an essential complement to the first part. God defines wealth as follows: brooks of water, wheat, barley, vines, fig-trees, olive oil, honey, manna, herds, flocks, iron, brass, gold and silver. But it should be observed that gold and silver are included as bullion, or as treasure, with all other forms of wealth, that is, with the mass of commodities in general, and that each item was to be exchangeable freely (bartered) one with the other.

If further confirmation be needed that wealth was to be equitably distributed through the instrumentality of a measure, which alone could prevent excess and defect, the following quotation will provide it. This

[1] Compare with extract from Josephus, p. 279.

outlines the method that was to be employed in gathering and distributing the manna which God provided for the feeding of Israel in the wilderness after their return from bondage in Egypt:

(1492 B.C.)

"This is the thing which the Lord hath commanded, Gather of it every man according to his eating, an omer for every man, according to the number of your persons; take ye every man for them which are in his tents. And the children of Israel did so, and gathered, some more, some less. And when they did mete it with an omer, he that gathered much had nothing over, and he that gathered little had no lack; they gathered every man according to his eating." (Exod. xvi. 16–18.)

In the foregoing it should be noted that the omer was the measure of value—the middle term between excess and defect. God's primary concern in all His dealings with Israel and Judah was always the protection of the innocent and the helpless, and in the following quotation He is seen in all His Majesty:

"Behold, the heaven and the heaven of heavens is the Lord's thy God, the earth also, with all that therein is. For the Lord your God is God of gods, and Lord of lords, a great God, a mighty, and a terrible, which regardeth not persons, nor taketh reward: He doth execute the judgment of the fatherless and widow, and loveth the stranger, in giving him food and raiment. Love ye therefore the stranger: for ye were strangers in the land of Egypt. (Deut. x. 14, 17–19.)

He is God of gods and Lord of lords, yet the equitable distribution of wealth, the protection of the fatherless, and the feeding of the poor and stranger are to Him the greatest of all majestic acts.

It is recorded that the king, and all the princes, and important people of Judea entered into a covenant with Jeremiah to grant freedom to the slaves, poor, and needy, and that they accordingly did so. But shortly

afterwards they regretted their actions and restored the old iniquities.[1] Because of this God gave His final decision through Jeremiah as follows:

"Thus saith the Lord; Ye have not hearkened unto me, in proclaiming liberty, every one to his brother, and every man to his neighbour: behold, I proclaim a liberty for you, saith the Lord, to the sword, to the pestilence, and to the famine; and I will make you to be removed into all the kingdoms of the earth. . . . And Zedekiah king of Judah and his princes will I give into the hand of their enemies, and into the hand of them that seek their life, and into the hand of the king of Babylon's army, which are gone up from you." (Jer. xxxiv. 17, 21.)

"And the Lord said unto me, The backsliding Israel hath justified herself more than treacherous Judah. Go and proclaim these words toward the north, and say, Return, thou backsliding Israel, saith the Lord; and I will not cause mine anger to fall upon you: for I am merciful, saith the Lord, and I will not keep anger for ever. Only acknowledge thine iniquity, that thou hast transgressed against the Lord thy God. . . . And I will give you pastors according to mine heart, which shall feed you with knowledge and understanding." (Jer. iii. 11–13, 15.)

We now reach a very important phase associated with the dispersion of Israel and Judah, and this refers to the house of David which was never to lack a king.

"I will remove Judah also out of my sight (the two tribes Judah and Benjamin), as I have removed Israel (the ten tribes), and will cast off this city Jerusalem which I have chosen, and the house of which I said, My name shall be there." (2 Kings xxiii. 27.)

What is the answer to this part of the mystery, for such it is? We shall find it in Ezekiel xvii, which chapter deals with the rebellion of Zedekiah and his princes and the consequences that were to accrue. It is here predicted that the latter were to be conquered by Babylon and put to the sword. Zedekiah was to

[1] Jeremiah xxxiv. 10–11.

be the last king to reign in Judah, but as David was never to lack a king on its throne, how is the difficulty overcome? We know that whatever God declares must stand, and He provides the answer to this question in His own way as follows:

"Thus saith the Lord God; I will also take of the highest branch of the high cedar, and will set it; I will crop off from the top of his young twigs a tender one, and will plant it upon an high mountain and eminent: In the mountain of the height of Israel will I plant it: and it shall bring forth boughs, and bear fruit, and be a goodly cedar: and under it shall dwell all fowl of every wing; in the shadow of the branches thereof shall they dwell. And all the trees of the field shall know that I the Lord have brought down the high tree, have exalted the low tree, have dried up the green tree, and have made the dry tree to flourish: I the Lord have spoken and have done it." (Ezek. xvii. 22–4.)

From this quotation we gather that the highest branch of the high cedar (the last direct heir of the house of David who was Jechoniah) 'was to be taken and set' away from the evil environment (economic and otherwise) within which all the kings of Judah had governed, and with which they had been contaminated. And from his young twigs a tender one would be cropped off, and planted upon a high mountain and eminent. 'In the mountain of the height of Israel will I plant it, and it shall bring forth boughs, and bear fruit, and be a goodly cedar.' This obviously referred to the Birthright Line which had by then been set apart through the captivity of Jechoniah until Christ should be born, and thereafter the Throne would always remain with him. As already shown, Christ was a direct descendant from Jechoniah in the Birthright Line, and was thus, apart from His Divine origin (Mind), the rightful Heir to the Throne of David through His legal father Joseph. Thus are the material and spiritual aspects combined in Christ, the finisher of our faith. It is wonderful how these two aspects keep

uniting themselves at every point. The foregoing remarks regarding the direct Birthright Line are confirmed in Ezekiel xxi. 26–7, where God declares:

"Remove the diadem, and take off the crown: this shall not be the same: exalt him that is low, and abase him that is high. I will overturn, overturn, overturn it: and it shall be no more, until he come whose right it is; and I will give it him."

The following verses, which are among the most beautiful in the whole of Scripture, also prophesy what the position was to be:

"For unto us a child is born, unto us a son is given: and the government shall be upon his shoulder: and his name shall be called Wonderful, Counsellor, The mighty God, The everlasting Father, The Prince of Peace. Of the increase of his government and peace there shall be no end, upon the throne of David, and upon his kingdom, to order it, and to establish it with judgment and with justice from henceforth even for ever. The zeal of the Lord of hosts will perform this." (Isa. ix. 6, 7.)

Israel and Judah had been dispersed, but the direct heirs to the throne of David had also been removed and were to be taken care of in obscurity for a time. Though Christ was the legal heir to the Throne of David, yet He sacrificed Himself for the redemption of sin and transgression. He was the despised and rejected of men, and was the low tree that became exalted. The conception is truly magnificent. Thereafter His Kingdom was not to be of this world, but to be of the spirit and power which now reside within us all, and which only await our own effort to bring them into perfect contact with Him.[1] Hence His saying: 'The Kingdom of God is within you' and 'whensoever ye will, ye may do good to the poor.' He is the perpetual King of Israel through the spirit, likewise of all converted Gentiles, and our intercessor with God.

[1] See footnotes p. 29 and p. 35.

But it should be observed here that Christ also said in effect that if we obeyed the Spirit and Power of God we should observe that the Kingdom of God was also in our midst. That it was not 'Lo here' nor 'Lo there.' If we obeyed the Law of God, the Kingdom could be made a material fact. It would be a nation. It was the treasure in the field. In other words, before we could make the nation a fact, the desire for it would have to come, individually and collectively, through the Spirit of God which is within us all. Hence the reason for His statement that His Kingdom was not of this world, that is, of the carnal mind. Thus we see once more that the material and spiritual aspects of faith are embodied in one concept. This is logical, for Christ is the lawful King of Israel, and will yet occupy the Throne of His Kingdom.

In order to show the extent of God's love, kindness, and forgiveness, and that His hand was outstretched still, it is recorded that even while the land of Judah was governed by Gedaliah, the Governor appointed by Nebuchadnezzar to rule Judah after the dispersion, that many Jews returned from all the places[1] whither they had been driven.[2] The disobedient children who so desired were allowed to return home.

But owing to a conspiracy on the part of Ishmael, a royal prince, and ten other princes, who were permitted to return to Judah, Gedaliah was murdered, together with many loyal Jews, at a feast to which he had invited all of them. When other loyal Jews under Johanan heard of what Ishmael had done they were shocked. Johanan gathered sufficient men to pursue Ishmael and forced him to surrender, but Ishmael escaped. Fearing vengeance from Nebuchadnezzar for what had happened to Gedaliah, all the Jews and their families who had gathered under Johanan felt that it would be better if they migrated to Egypt for safety. Jeremiah

[1] It should be noted that the verb is plural. [2] Jeremiah xl. 12.

endeavoured to allay their fears but in vain. He promised that if they would remain no harm should come to them. Before their departure God conveyed a final message to them through Jeremiah, as follows:

"If ye will still abide in this land, then will I build you, and not pull you down, and I will plant you, and not pluck you up: for I repent me of the evil that I have done unto you. Be not afraid of the king of Babylon, of whom ye are afraid; be not afraid of him, saith the Lord: for I am with you to save you, and to deliver you from his hand." (Jer. xlii. 10, 11.)

In this appeal there is manifested love, charity, and forgiveness in full measure, but the remnant refused to listen, and departed for Egypt with the results we know. All who remained in Egypt perished by the sword, by famine, and by pestilence.[1] All else having failed, God thereupon decided to await a more auspicious time.

"Woe is me for my hurt! my wound is grievous: but I said, Truly this is a grief, and I must bear it. My tabernacle is spoiled, and all my cords are broken: my children are gone forth of me, and they are not: there is none to stretch forth my tent any more, and to set up my curtains. For the pastors are become brutish, and have not sought the Lord: therefore they shall not prosper, and all their flocks shall be scattered." (Jer. x. 19–21.)

God recognised that a change of heart was necessary, and for this the world had to await the coming of Christ, the Finisher of our Faith. Through Our Lord Jesus man has obtained the grace he lacked, and through this he is now enabled to discern all things that are of the spirit and of power. Israel and Judah and the Jews were surely a stiff-necked people. When their nations conducted their affairs on sound economic lines, in the way of the Lord, they obtained prosperity; but when they declined to do so they suffered invasion, extortion, and heavy taxation. Note, for example, the following which occurred even before the final dispersion of Judah:

[1] Jeremiah xliv. 7.

(624 B.C.)

"And Jehoiakim gave the silver and the gold to Pharaoh; but he taxed the land to give the money according to the commandment of Pharaoh: he exacted the silver and the gold of the people of the land, of every one according to his taxation, to give it unto Pharaoh-nechoh." (2 Kings xxiii. 35.)

* * * * *

Seventy years after the final captivity of Judah we have the return of the remnant to Jerusalem to build the Temple and to try and restore their lost inheritance. This remnant included representatives from all the tribes, but the fact remains that at this time the bulk of Israel and Judah were still dispersed to the nations. The main body, including most of the princes, remained by preference in Babylon and Assyria, where, for the time being, they had established their homes and were prospering; but it is evident that at a later time the whole of the race must have migrated under divine guidance to their appointed place. This is indicated in the following verses:

(712 B.C.)

"Depart ye, depart ye, go ye out from thence . . . go ye out of the midst of her; be ye clean, that bear the vessels of the Lord. For ye shall not go out with haste, nor go by flight: for the Lord will go before you; and the God of Israel will be your rereward." (Isa. lii. 11, 12.)

(595 B.C.)

"I will punish Bel in Babylon, and I will bring forth out of his mouth that which he hath swallowed up: and the nations shall not flow together any more unto him: yea, the wall of Babylon shall fall. My people, go ye out of the midst of her, and deliver ye every man his soul from the fierce anger of the Lord. . . . Ye that have escaped the sword, go away, stand not still: remember the Lord afar off, and let Jerusalem come into your mind." (Jer. li. 44, 45, 50.)

(587 B.C.)

"Thus saith the Lord God; Behold, I will take the children of Israel from among the heathen, whither they be gone, and will gather them on every side, and bring them into their own land: And I will make them one nation in the land upon the mountains of Isarel; and one king shall be king to them all: and they shall be no more two nations, neither shall they be divided into two kingdoms any more at all: Neither shall they defile themselves any more with their idols, nor with their detestable things, nor with any of their transgressions: but I will save them out of all their dwelling-places, wherein they have sinned, and will cleanse them: so shall they be my people, and I will be their God. And David my servant shall be king over them; and they all shall have one shepherd: they shall also walk in my judgments, and observe my statutes, and do them." (Ezek. xxxvii. 21–4.)

The post-captivity Books of the Bible deal solely with the remnant which returned, and which desired to live under God; and it should be noted that the return of the remnant was in accord with prophecy:

(713 B.C.)

"For though thy people Israel be as the sand of the sea, yet a remnant of them shall return: the consumption decreed shall overflow with righteousness. . . . Thus saith the Lord God of Hosts . . . be not afraid of the Assyrian: he shall smite thee with a rod, and shall lift up his staff against thee, after the manner of Egypt. For yet a very little while, and the indignation shall cease, and mine anger in their destruction." (Isa. x. 22–5.)

This part of prophecy has been fulfilled for Israel is no longer afraid of the Assyrians (Aryan?). And the following verses confirm that the distribution of the Israelites and Judeans extended far beyond Babylon and Assyria long before the final dispersion of Judah; and they also confirm the history so far given:

(713 B.C.)

"And it shall come to pass in that day, that the Lord shall set his hand again the second time to recover the remnant of his people, which shall be left, from Assyria, and from Egypt, and

from Pathros, and from Cush, and from Elam, and from Shinar, and from Hamath, and from the islands of the sea. And he shall set up an ensign for the nations, and shall assemble the outcasts of Israel, and gather together the dispersed of Judah from the four corners of the earth. The envy also of Ephraim shall depart, and the adversaries of Judah shall be cut off: Ephraim shall not envy Judah, and Judah shall not vex Ephraim." (Isa. xi. 11–13.)

One hundred years later we obtain further confirmation as follows:

(612 B.C.)

"In those days the house of Judah shall walk with the house of Israel, and they shall come together out of the land of the north to the land that I have given for an inheritance unto your fathers." (Jer. iii. 18.)

Even after the return of the remnant to Jerusalem we obtain confirmation of the fact that Israel and Judah were not only still dispersed, but that a more comprehensive plan was in course of formation, as follows:

(487 B.C.)

"And I will strengthen the house of Judah, and I will save the house of Joseph, and I will bring them again to place them; for I have mercy upon them: and they shall be as though I had not cast them off: for I am the Lord their God, and will hear them. . . . And I will sow them among the people: and they shall remember me in far countries; and they shall live with their children, and turn again. . . . And I will strengthen them in the Lord; and they shall walk up and down in his name, saith the Lord." (Zech. x. 6, 9, 12.)

Now the evidence so far submitted should be sufficient to prove that the Jews are not Israel, and that they are not even Judah. But the evidence does confirm that the Jews are of Judah, which is of Israel.

"For they have taken of their daughters for themselves, and for their sons: so that the holy seed have mingled themselves with the people of those lands: yea, the hand of the princes and rulers hath been chief in this trespass." (Ezra ix. 2.)

Strictly speaking the Jews are the remnants of Israel and Judah, and during the Exile (close upon three generations, i.e. seventy years) the poor of Israel and Judah who were left behind in Palestine, and ultimately became more prosperous through taking the place of those who were exiled, inter-married with the immigrants who re-peopled Samaria (Israel), many of whom found their way into Judah. This view is clearly confirmed in the following:

"Then the people of the land weakened the hands of the people of Judah, and troubled them in building (the Temple), and hired counsellors against them." (Ezra iv. 4–5.)

Further confirmation is to be found in Ezra iv, 8–10, where some of the names of the races from whom the immigrants were drawn are specifically stated, and the last two clauses of verse 10 as follows should be carefully noted:[1]

"And the rest of the nations whom the great and noble Asnapper brought over, and set in the cities of Samaria, and the rest that are on this side the river, and at such a time."

Josephus tells us that Manesseh, a brother of Jaddua,[2] the High Priest of Jerusalem at or about this time married a daughter of Sanballat, a Samarian prince of Cuthean birth. The latter agreed to the marriage in the hope that the nation of Jews would continue their goodwill towards him.[3] In view of her parentage Manesseh was called upon to separate from his wife, but after discussing the matter with his father-in-law (Sanballat) he refused to do so. As a consideration

[1] See also Ezra x. 11–13, 17–44, and Nehemiah v. (particularly verse 17) and xiii. 23–31.

[2] This does not quite correspond with Nehemiah xii. 10–11, and xiii. 28, but it is perhaps a fuller account.

[3] After the final dispersion of Judah (588 B.C.), and as subsequent history proves, the Jews ceased to be a nation and became a religious body.

Sanballat promised to build a temple upon Mount Gerizim, the highest of all the mountains in Samaria, and, after obtaining the permission of Alexander, he did so. Here Manesseh organised a Samaritan church and form of worship on the Jerusalem model, and on the basis of a but slightly modified Jerusalem Pentateuch; and there came from Jerusalem to support Manesseh many of the priests and Levites who had married strange wives, and they received money and land for tillage from Sanballat, 'and all this in every way to gratify his son-in-law.'[1]

'If the Samaritans had hitherto exerted themselves to the utmost to obtain admission into the fellowship of the Jews, they henceforward were as averse to have anything to do with them (a feeling that was mutual); the temple on Mount Gerizim was now the symbol of their independence as a distinct religious sect. For the Jews this was a great advantage.' They could now concentrate on 'the Judizing process which began first with the country districts immediately surrounding Jerusalem, and then extended to Galilee and many portions of Peræa.'[2]

The foregoing very brief history in no way conflicts with the statement of the woman of Samaria in John iv. 9, particularly if verses 12 and 13–26 are taken into consideration. In verse 12 the woman still regarded Jacob as being equally the father of Samaria, which Christ did not dispute. The Jews and Samaritans had no dealings with each other because they had in fact become two distinct religious groups, though similar strained relationships exist between present day religious bodies, particularly on the question of marriage. John iv, 23–6 contains the key to the whole problem, and alone can

[1] *Josephus* (Whiston), Vol. II, pp. 233–34.
[2] *Encyclopaedia Britannica*, 9th edit., Vol. XIII, p. 419.

establish unity. But it should be observed that the Jews did not break off commercial dealings with the Samaritans and those other races whom they considered to be Gentiles, since they felt it was permissible to exact usury from strangers. Here again a similar sentiment exists to-day between members of other religious bodies, so that the Jews were, and still are, no exception to the rule. The three great fundamental mistakes of the Jews have been, and still are, (1) their inability to define and conform to the economic law of God, (2) in claiming that they alone were Israel, and (3) in steadfastly refusing to recognise Christ.

A greatly mistaken view has arisen regarding the interpretation to be placed upon the verse which follows. It is assumed by many 'that in the days when Jerusalem has been made the centre of the earth's worship that the Jew would then be the missionary, and to the very nations now called Christian.' This is an erroneous view:

"Thus saith the Lord of hosts; In those days it shall come to pass, that ten men shall take hold out of all languages of the nations, even shall take hold of the skirt of him that is a Jew, saying, We will go with you: for we have heard that God is with you." (Zech. viii. 23.)

In the foregoing verse the emphasis is placed on the word 'even,' and to understand its literal meaning we have to read the preceding verses carefully, particularly verses 13 and 16, which read as follows:

"And it shall come to pass, that as ye were a curse among the heathen, O house of Judah, and house of Israel; so will I save you, and ye shall be a blessing: fear not, but let your hands be strong. . . . These are the things that ye shall do; Speak ye every man the truth to his neighbour; execute the judgment of truth and peace in your gates." (Zech. viii. 13, 16.)

In verses 11 and 12 God declares 'that He will not be unto the residue of this people as in former days, for the seed shall be prosperous and the vine shall give

her fruit.' Note the words 'unto the residue.' The whole chapter refers to the blessings which God intends to bestow on the houses of Israel and Judah in the days to come; but that it shall come to pass 'in those days . . . that ten men . . . even shall take hold of the skirt of him that is a Jew,' for they shall hear that God is with him because he is of Judah which is of Israel. But in the latter days God has promised to make a new covenant with the house of Israel, and the house of Judah:

"For this is the covenant that I will make with the house of Israel after those days, saith the Lord; I will put my laws into their mind, and write them in their hearts: and I will be to them a God, and they shall be to me a people. And they shall not teach every man his neighbour, and every man his brother, saying, Know the Lord: for all shall know me, from the least to the greatest. For I will be merciful to their unrighteousness, and their sins and their iniquities will I remember no more. In that he saith, A new covenant, he hath made the first old. Now that which decayeth and waxeth old is ready to vanish away." (Heb. viii. 10–13.)[1]

There is also a distinct warning against those who call themselves Jews but who are not Jews, in the following:

"I know thy works, and tribulation, and poverty, (but thou art rich) and I know the blasphemy of them which say they are Jews, and are not, but are the synagogue of Satan." (Rev. ii. 9.)

"Behold, I will make them of the synagogue of Satan, which say they are Jews, and are not, but do lie; behold, I will make them to come and worship before thy feet, and to know that I have loved thee." (Rev. iii. 9.)[2]

Israel and Judah cannot be identified positively, but the visible evidence confirms that they have long since been

[1] Compare with Jeremiah xxxi, 31–4.

[2] According to Mr. J. J. Morey, 'to complete the story of the Jews it should be stated that a large number of so-called Jews to-day (probably eight millions) are not of real Judah origin, but have descended from heathen people who came long ago into the Jewish faith. It is known, for instance, that a whole nation in the South of Russia called the Chazans adopted the Jewish faith many centuries ago, hence the large number of so-called Jews in Russia at the present time.'

gathered together and that they are functioning in the world to-day. Babylon, Assyria, and Egypt have long since lost their grip of them. Israel and Judah are certainly being preserved as a race distinct from other peoples, and they are known only to God, though they themselves do not yet know their mission, nor racial characteristics. It is evident that they were all made to migrate unconsciously to a new country so that they might fulfil their mission as an exemplary nation, and at a later time fulfil God's Will and Purpose. Israel was to be a nation and company of nations, and the house of David was never to lack a king on its throne.

In view of the evidence submitted, can the Jews now feel that they are on safe ground in regarding all Christians as Gentiles, or as strangers within their gate. It is difficult to see what their legitimate objection is to Christianity, but it may be that they have not yet comprehended its true position; and if this review of their position and claims will help them to gain a better understanding of what it really means, then it will have been worth while. By embracing the true gospel they will be able to remove the misunderstandings which exist, and the intolerant attitude adopted towards them in many directions, and which, if we may judge from the evidence, is not an accident:

(588 B.C.)

"Thy prophets (daughter of Jerusalem) have seen vain and foolish things for thee: and they have not discovered thine iniquity, to turn away thy captivity; but have seen for thee false burdens and causes of banishment." (Lam. ii. 14.)

It should be observed that this message is addressed to the remnants of Judah (Jews) specifically, who as a race were not finally dispersed until the Romans destroyed the Temple and Jerusalem by fire A.D. 70, which was the allotted or prophetic time according to

Daniel; and that the false burdens and causes of banishment imposed on the Jews have been, and are, brought about by false teaching and belief. But they can derive comfort from the fact that Christians also have not been taught the full truth as revealed. If what has been left out on both sides is brought in, this may afford the desired point of contact towards an all-round reconciliation. Inasmuch as in unity there is strength, we should endeavour to pay due regard to the exhortation and words of wisdom which St. Paul has conveyed to us on the particular aspects of the question under discussion, as follows:

"Give none offence, neither to the Jews, nor to the Gentiles, nor to the church of God: Even as I please all men in all things, not seeking mine own profit, but the profit of many." (1 Cor. x. 32–3.)

"Hath God cast away his people? God forbid. For I also am an Israelite, of the seed of Abraham, of the tribe of Benjamin." (Rom. xi. 1.)

"Now if the fall of them be the riches of the world, and the diminishing of them the riches of the Gentiles; how much more their fulness? For I speak to you Gentiles, inasmuch as I am the apostle of the Gentiles, I magnify mine office: I by any means I may provoke to emulation them which are my flesh, and might save some of them." (Rom. xi. 12–14.)

"For I would not, brethren, that ye should be ignorant of this mystery, lest ye should be wise in your own conceits; that blindness in part is happened to Israel, until the fulness of the Gentiles be come in." (Rom. xi. 25.)

Compare the foregoing verse with the following:

"Behold thy servant (Christ), whom I uphold; mine elect, in whom my soul delighteth; I have put my spirit upon him: he shall bring forth judgment to the Gentiles. . . . He shall not fail nor be discouraged, till he have set judgment in the earth and the Isles shall wait for his law. . . .The Lord is well pleased for his righteousness' sake; he will magnify the law, and make it honourable. . . . And he said: It is a light thing

that thou shouldest be my servant to raise up the tribes of Jacob, and to restore the preserved of Israel: I will also give thee for a light to the Gentiles, that thou mayest be my salvation unto the end of the earth." (Is. xlii 4, 21, xlix. 6.)

In case there may be a lingering doubt, I cannot do better than refer by way of conclusion to the ethical instructions for Israel in captivity; and it should be carefully observed that at the date mentioned Israel and Judah had already been dispersed to the nations. The remarkable way in which the instructions conform to the general theme should be noted, as well as the fact that the days of Ezekiel were close to the days of Solon:

(594 B.C.)

"If a man be just, and do that which is lawful and right . . . and hath not oppressed any, but hath restored to the debtor his pledge, hath spoiled none by violence, hath given his bread to the hungry, and hath covered the naked with a garment; He that hath not given forth upon usury, neither hath taken any increase, that hath withdrawn his hand from iniquity, hath executed true judgment between man and man, Hath walked in my statutes, and hath kept my judgments, to deal truly; he is just, he shall surely live, saith the Lord God." (Ezek. xviii. 5, 7–9.)

"All his transgressions that he hath committed, they shall not be mentioned unto him: in his righteousness that he hath done he shall live. Have I any pleasure at all that the wicked should die? saith the Lord God: and not that he should return from his ways, and live? . . . Yet ye say, The way of the Lord is not equal. Hear now, O house of Israel; Is not my way equal? are not your ways unequal?" (Ezek. xviii. 22, 23, 25.)

"So thou, O son of man, I have set thee a watchman unto the house of Israel; therefore thou shalt hear the word at my mouth, and warn them from me. . . . Say unto them, As I live, saith the Lord God, I have no pleasure in the death of the wicked. . . . Why will ye die, O house of Israel?" (Ezek. xxxiii. 7, 11.)

"I will go and return to my place, till they acknowledge their offence, and seek my face: in their affliction they will seek me early." (Hos. v. 15.)

PART II

CHAPTER X

THE MODERN ART OF MONEY-GETTING

ARISTOTLE performed a very useful service for us, when he enabled us to see that the art of money-getting as at present practised is not new, and that it is in fact as old as the days of Moses. By his illustrations he has enabled us to gain a clearer insight into the meaning and teaching of Scripture; and all the available evidence points to the fact, as already shown, that he was aware of the Mosaic Law. He has shown us that within the monetary system as he saw it there were two conflicting interests (1) that of the producers and consumers who required a system of barter if they were to prosper, and (2) that of those who, because of their knowledge and privileged position, made the art of money-getting a profession, which art could not succeed unless it were at the expense of producers and consumers, who are really the people at large. And it is certain that the majority of the people are quite ignorant of the methods employed by those conversant with the art of money-getting.

Another interesting point now to be noted is that Adam Smith, Ricardo, and John Stuart Mill supported Aristotle's monetary thesis, and that when they spoke of money they also meant gold and silver when used as currency. They also emphasised that there were two conflicting interests to be found within the monetary system. This is clearly indicated in Adam Smith's views outlined in the following quotations:

"It would be too ridiculous to go about seriously to prove that wealth does not consist in money, or in gold and silver, but in

what money purchases, and is valuable only for purchasing; but it has already been shown that it generally makes but a small part, and always the most unprofitable part, of it." (*The Wealth of Nations*, Vol. I, Book IV, Chapter I, p. 404.)

"Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it." (*Ibid.*, Vol. I, Book IV, Chapter VIII, p. 159.)

With regard to Ricardo's views these have already been referred to in Chapter VI. As regards the views of John Stuart Mill, these will be found summarised in his definition of the Quantity Theory of Money[1] as follows:

"The proposition which we have laid down respecting the dependence of general prices upon the quantity of money in circulation must for the present be understood as applying only to a state of things in which money, that is gold and silver, is the exclusive instrument of exchange and actually passes from hand to hand at every purchase, credit in any of its shapes being unknown." (*Principles of Political Economy*, Vol. II, p. 19.)

It is to be observed that Mill also agreed that there are two conflicting interests to be found within the monetary system as constituted because he expressly excludes financial credit, which is involved in the art of money-getting, from his definition. In the following

[1] There are, however, several inconsistencies to be found within Mill's definition of the 'Quantity Theory,' and these I deal with in *The Crisis of the £* (pp. 23–6), to which I must refer the reader. Mill's inability to see that metallic money could not act as a measure confused him. As I have shown, the use of metallic money in the purchase of goods and services gives this form of money an arbitrary control over the general level of prices, and is a species of money-getting. But a currency based on wealth develops a scientific barter system which is necessary for the prosperity of producers and consumers. In the monetary system as constituted, the two interests conflict, and they are diametrically opposed to each other.

quotation he confirms the existence of the art of money-getting:

"Suppose that, in the expectation that some commodity will rise in price, a person determines, not only to invest in it all his ready money, but to take up on credit, from the producers or importers, as much of it as their opinion of his resources will enable him to obtain. Everyone must see that by thus acting he produces a greater effect on price than if he limited his purchases to the money he has actually in hand. He creates a demand for the article to the full amount of his money and credit taken together, and raises the prices proportionately to both. And this effect is produced although none of the written instruments called substitutes for currency may be called into existence; though the transaction may give rise to no bill of exchange, nor to the issue of a single bank note." (*Principles of Political Economy*, Vol. II, p. 53.)

Mill here discusses the case of a man who may wish to purchase commodities only, and the conditions which he outlines still apply to-day. Credit can be borrowed by anyone who may wish to purchase a primary product which he hopes may rise in price due to more active trade conditions. And if the speculation which is permitted is largely confined to the buying side, this will certainly have a greater effect on price than would have been the case if speculation had not been allowed. In the end this is bound to prejudice the welfare of consumers. This argument does not apply in the case of manufactures, the prices of which are usually quoted in price-lists, and are thus predetermined; such prices are not subject to the day-to-day fluctuations of the speculative market. Though it is difficult to understand why speculation should be permitted in primary products, and not in manufactures, since production in both cases is brought about by labour energy and effort. But the truth of the matter is that speculation in primary products is part of the art of money-getting, i.e. of getting something for nothing.

The definition of money as expressed in Scriptural Law, and by Aristotle, Smith, Ricardo, and Mill remained effective until shortly after 1874, at which time the nations of the world began adopting what has come to be known as the Gold Standard. Owing to the scramble for gold at that time, and in later years, bankers generally have been forced to extend the use of substitutes for money, and this has led to a more extensive use of financial credit and its transfer by the cheque system. This in turn has led the modern economist to include financial credit in his definition of the Quantity Theory of Money,[1] hence the present disorders of the world, for this form of credit is usually based on debts and involves the payment of interest for the accommodation, and this, if it exceeds 2½ per cent., is regarded as usury. Where a currency is not based exclusively, or theoretically, on gold, commercial banks need not charge more than 2½ per cent. for discounting eligible commercial bills, and as a Central Bank could well afford to rediscount these bills for 1 per cent. to 1½ per cent. this should leave a profit to the commercial banks of at least 1 per cent., and, at the rates mentioned, both the Central Bank and the commercial banks should be able to earn handsome profits even after covering all risks of loss,[2] providing the eligible conditions required are rigidly enforced. A discount rate need not be higher than the point necessary to cover the working expenses of the commercial banks and Central Reserve Bank, and provide a reasonable profit. The banks are entitled to this because of the public services they render, but all else is usury. This argument does not apply to the

[1] See p. 23, *The Crisis of the £*. In this book I define the Quantity Theory of Currency, which excludes financial credit. I draw a distinction between currency and credit. It should be studied by those interested in the more technical aspects of monetary science.

[2] All risks of loss could be insured for ½ per cent. of the discount rate.

granting of financial loans within the Financial System of Banking, where, owing to the greater risks involved, it would be necessary to charge slightly higher rates of interest, but if this class of business is conducted on sound banking lines, and if speculation in primary products is eliminated, the maximum rate ought not to exceed 3½ per cent. to 4 per cent.

Another expedient which those who are practised in the art of money-getting sometimes resort to in times of trade activity is to inflate the share capital of industrial and trading companies in the following ways: (1) To issue two or more new ordinary shares for one old one without there being sufficient assets, and (2) to issue ordinary share capital which have no real assets behind it, and which cannot even be said to represent goodwill. In America they have invented a new name for this form of capital which they call 'equity capital.'

A modern classical example of the art of money-getting is to be found in the recent British Government conversion operations. Since the present National Government have taken office the market value of Government Securities have been increased by a sum of not less than £1,100,000,000. This was brought about by the authorities in order to enable the Government to carry through the War Loan Conversion Scheme, and other subsidiary ones, which enables the Government to save in the annual interest charges payable on the securities. But the increase in the market value of the securities has impaired the Sinking Funds, which are now not able to purchase as many Government Securities as formerly, and this deficiency should, of course, be deducted from any savings effected in the annual interest charges payable on the securities. These operations have enabled the Government to say that it has placed the country's credit on a 3½ per cent. basis, but it has been able to say this only because of a discreditable practice. Observe

the price which the Government has made the country pay in order to enable it to carry through the conversion operations on the lines it has followed. The Government has in fact given a bonus to all holders of Government Securities of not less than £1,100,000,000. Because of this and other similar operations since 1922 the cost of the War to Great Britain has been increased by a sum not less than £2,000,000,000. Well may the philosophers ask—What is evil?

Furthermore, we have as a people contributed through Sinking Funds and Budget Surpluses since 1919 a sum of £871,000,000 towards the redemption of the nominal Internal Debt, but this debt, apart from its increase in market value, is greater to-day than it has been at any time since the end of the War, as may be seen in the table on p. 215, which is self-explanatory.

In this table it will be seen that the purchasing power value of the Internal Debt has risen from £7,829,000,000 in 1920 to £23,163,000,000 in 1933, and that the purchasing power value of the annual interest charges payable on the debt has risen from £346,000,000 to £1,130,000,000.

It will be seen that the technical financial position has in no way been improved. It is simply camouflaged. If then the British people have not been able to make any impression on the Internal Debt after the great efforts that have been made in the past fourteen years, what chance have they of being able to do so to a material extent in the next fourteen years? They may be able to do so in a partial way but not to the extent that would cure the chronic diseases of unemployment, destitution, and poverty. It is the burden of debt and taxation which has choked Great Britain's monetary system, which cannot finance Government Securities, all other forms of securities, plus the art of money-getting, and production and consumption at one and the same time.

IN MILLIONS OF POUNDS

Year ended March 31st.	Amount of Deadweight Debt (millions)	Net Amount applied to Debt Reduction from Revenue	Interest Charges on Debt including accrued Interest on National Savings Certificates	Accrued Interest on National Savings Certificates	Board of Trade Wholesale Price Index 1920 = 100	Purchasing Power Value of Debt based on Wholesale Price Index (1920 = 100)	Purchasing Power Value of Interest Charges based on Wholesale Price Index (1920 = 100)
1919	7,435	2	277	11·5	—	—	—
1920	7,829	5	346	24	100*	7,829	346
1921	7,574	252	361	35	64	11,834	564
1922	7,654	71	347	45	52	14,719	667
1923	7,742	126	357	60	52	14,889	687
1924	7,641	88	381	75	54	14,150	706
1925	7,598	49	399	90	52	14,612	767
1926	7,559	36	412	105	48	15,748	860
1927	7,555	23	437	121	46	16,424	950
1928	7,528	65	433	121	46	16,365	941
1929	7,500	57	432	122	44	17,045	982
1930	7,469	28	431	121	39	19,151	1,105
1931	7,413	44	416	124·5	34	21,803	1,224
1932	7,434	25	394	98	33	22,527	1,194
1933	7,644	—	373	90·5	33	23,163	1,130

* I am unable to obtain the official index prior to 1920, in which year the wholesale price index was at its highest. Nevertheless, the subsequent year (1921) affords a useful guide for a moderate view.

France and Italy have written down their Internal Debts to one-fifth of their War value through depreciation of their currencies, and Germany has written off her Internal War Debt, not only through depreciating her currency, but also through inflating it to a point which gave it no value. This currency was subsequently cancelled, and this action, strange as it may seem, automatically cancelled Germany's Internal War Debt. Great Britain is thus the only country in the world that has allowed her War costs to be increased to her people, and she has done this while at the same time forgiving her late allies the War Debts which they owed to her. The final result is that the people of Great Britain have the heaviest burden of taxation in the world to bear, which is indisputably true if the weight of the National Debt is taken into account. Now the real point which arises out of this part of the argument is that the weight of taxation and the redemption of the National Debt have to be borne by the producers and consumers, and not by those versed in the art of money-getting. The latter may pretend to contribute their quota, but, as previously indicated, there are all sorts of ways by which good intentions can be defeated by manipulations of the monetary machine as constituted. To pretend to pay taxation, and to agree to a reduction of interest charges for the good of the country while sharing in a capital bonus of £1,100,000,000 is sheer hypocrisy. What was given with the right hand was more than taken back with the left. And to do such things while the unemployment figures are as high as they are, and while destitution and poverty are as acute as they are, is the height of folly. But those who are versed in the art of money-getting show no concern until they attend church on Sunday, some may perhaps not even do this, and then they ask—What are the spheres of good and evil? Not being able, or willing, to answer the question, they put a small

contribution in the plate in the hope that it may salve their conscience.

There is another matter to which serious consideration has to be given, and that is the devaluation of the £. Though Great Britain was driven off the gold standard by the force of certain events, such as dumping, loss of income on foreign investments, bad foreign investments, failure of banks abroad, and foreigners withdrawing their short-term deposits, yet the abandonment of the parity of the exchanges was welcomed by many people because they thought it would promote an inflation of commodity prices, and so reduce the value of Government Securities in relation thereto. But the contrary took place—and why? In consequence of the subsequent policy pursued by the Bank of England, the lowering of the value of the £ could not possibly help to raise the general level of internal prices as many people assumed. It was bound to have a contrary effect, since the depreciation of the currency, without increasing its quantity, was equivalent to a contraction of the internal currency in circulation, which contraction was equal to deflation. And the reason for this is that the currency system of Great Britain is an inelastic one. Before producers and consumers could really have benefited from the depreciation of the £ (and the same argument applies to the dollar), it would have been necessary for the authorities to have agreed to expand the currency in circulation by an amount equal to that subtracted by the devaluation, which has been as much as 7s. in the £.[1]

For the sake of argument only, let us assume that the total currency in circulation was £400,000,000 just before

[1] I am not arguing here in favour of inflation—I am merely stating a fact. As the monetary system is constituted, an expansion of a depreciated currency would simply mean an inflation of commodity prices and of financial credit, and this last state would be worse than the first. I am simply objecting to the expedients which are resorted to in order to safeguard the art of money-getting.

the National Government decided to devalue it, and that afterwards the exchange value of the £ in Foreign Exchange Markets had fallen to 15s., then the effective currency in circulation would subsequently be worth only £400,000,000 at 15s. per £, or, say, £300,000,000 in terms of gold. The truth of the matter is that Great Britain has not yet abandoned the so-called gold standard. All that she has done is to deflate her currency on a gold standard basis, and the authorities at the Bank of England and the Treasury are fully aware of this fact. And the reason why President Roosevelt cannot succeed is that he has fallen into the same error, or shall we say into the same trap; but as the Federal Reserve System of currency is an elastic one, his error will be mitigated.[1]

The table (p. 219) and graph (p. 220) show the course of sterling and dollar wholesale prices since September 1930, sterling prices being gold prices until September 1931, when Great Britain devalued the £. Dollar prices were gold prices until April 1933, when the United States devalued the dollar. It is to be observed that, after allowing for the slight adjustment that was necessary in September 1931, due to the devaluation of the £, and which arose largely from sentiment, wholesale prices have not reflected the devaluation of the £. In fact, to April 1933 there was a slight fall.

That the policy pursued in connection with the devaluation of the £ was absolute deflation is proved by the tendency of sterling prices shown in the table and graph. Until April 1933 the general level of wholesale prices remained fairly constant, the explanation being that already given; but agricultural prices in some cases fell catastrophically during 1932, being concealed by the rise in the prices of imported commodities

[1] An elastic system of currency is one that expands or contracts automatically with the volume of eligible business to be done. An inelastic one does not.

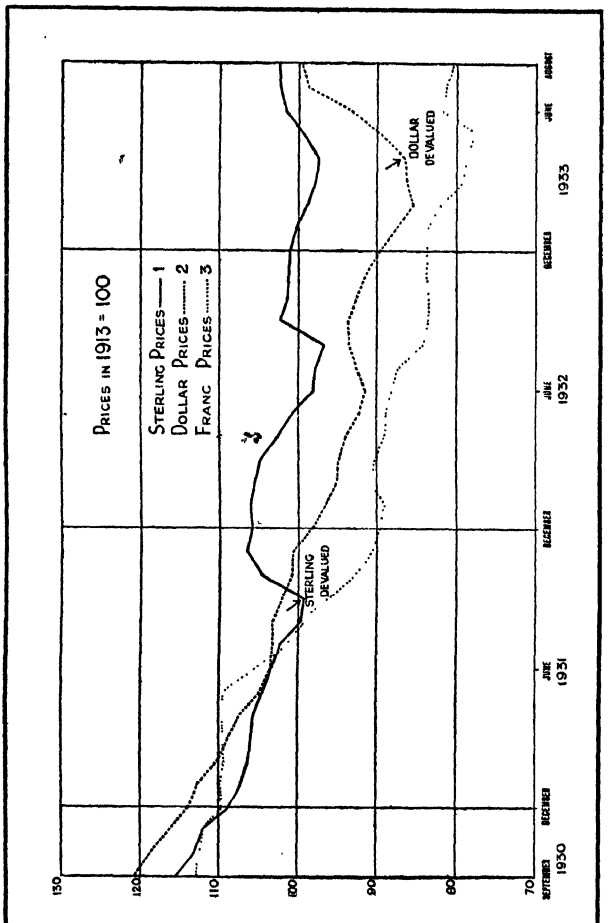
TABLE A

	Great Britain. Wholesale Price Index (1913=100)	Dollar Exchange in Relation to Sterling (Monthly Averages)	Gold Price of the £	U.S.A. Wholesale Price Index (1913=100)	Gold Price of Dollar in Shillings (Parity 4·1096)	France. Wholesale Price Index (1913=100)
		$	s. d.			
1930						
September ..	115·5	4·8614	19 11·8	120·8		112·9
October ..	113·0	4·8591	19 11·95	118·8		112·1
November ..	112·0	4·8565	19 11·7	116·2		111·9
December ..	108·9	4·8534	19 11·5	113·9		109·9
1931						
January ..	107·0	4·8551	19 11·9	112·8		109·9
February ..	106·1	4·8586	20 0·0	110·0		109·2
March ..	106·0	4·8584	20 0·1	108·9		109·4
April ..	105·8	4·8599	20 0·3	107·2		109·6
May ..	104·4	4·8641	20 0·3	104·9		109·5
June.. ..	103·2	4·8649	20 0·1	103·3		105·2
July	102·2	4·8566	20 0·1	103·2		101·5
August ..	99·5	4·8576	20 0·1	103·3		99·1
September ..	99·2*	4·5412	18 7·5	102·0		96·0
October ..	104·5	3·8887	15 11·8	100·7		92·8
November ..	106·5	3·7193	15 4·1	100·6		90·8
December ..	105·9	3·3725	13 10·5	98·3		89·7
1932						
January ..	106·0	3·4303	14 1·4	96·4		89·1
February ..	105·4	3·4575	14 2·4	95·0		90·6
March ..	104·7	3·6281	14 10·7	94·6		90·2
April ..	102·4	3·7520	15 4·9	93·8		89·1
May.. ..	100·7	3·6759	15 0·7	92·3		88·9
June.. ..	98·0	3·6484	14 11·9	91·5		96·3
July	97·7	3·5522	14 7·9	92·4		87·3
August ..	96·6	3·4759	14 4·1	93·4		84·3
September ..	102·1	3·4717	14 3·8	93·6		83·9
October ..	101·1	3·3990	14 0·0	92·3		83·7
November ..	101·1	3·2774	13 6·2	91·5		83·9
December ..	101·0	3·2763	13 6·2	89·7		83·9
1933						
January ..	100·3	3·3599	13 10·5	87·4	4·1	83·5
February ..	98·9	3·4218	14 0·9	85·7	4·1	82·0
March ..	97·6	3·4343	14 1·5	86·2	4·1	79·2
April ..	97·2	3·5851	14 1·0	86·5†	4·0†	78·6
May.. ..	99·2	3·9379	13 9·3	89·8	3·5	77·8
June.. ..	101·7	4·1412	13 10·7	93·1	3·3	81·8
July	102·3	4·6435	13 8·4	98·7	3·0	81·4
August ..	102·5	4·5040	13 6·2	—	3·0	80·5

* Convertibility of sterling into gold was abandoned in this month, that is, sterling was devalued.

† Convertibility of the dollar into gold was abandoned in this month, that is, dollar was devalued.

quoted in terms of gold. Unemployment also increased considerably. The wholesale price index for August 1931, the month before the devaluation of the £ took



place, was 99·5, with the £ at parity, that is, on a gold basis; and by April 1933 it had fallen to 97, with the £ worth only 14s. 1d. in terms of gold. In July 1933 the index rose to 102·3 with the £ only worth 13s. 8d. in terms of gold.

A point which is generally overlooked is this: that we have now to pay at the rate of 28s. to 30s. in sterling for imports quoted in terms of gold, and that we only obtain 13s. to 15s. in terms of gold for exports quoted in sterling.[1] And that notwithstanding the fall in sterling values, exports to-day are less than they were in the year 1931, the figures for the latter year being £390,600,000, for 1932 £365,000,000, and for the first six months of 1933 £175,200,000; and if it is borne in mind that the sterling £s receivable for them are only worth 13s. 6d. each in terms of gold, it cannot possibly be true to say that sterling prices have not fallen since we abandoned the so-called gold standard in September 1931.

In August 1931 the total number of unemployed was 2,813,000, and in August 1932 the total was 2,947,000 —an increase of 134,000. Unemployment has been decreasing steadily in the present year (1933), and in July the number had been reduced to 2,508,000. Exports for the second half of 1933 are also improving gradually. These improvements are due to the gradual expansion of currency, and bankers' deposits at the Bank of England, which have taken place during the last eight months, as may be seen in the tables (pp. 222–3) taken from *The Crisis of the £* and brought up to date.[2]

Since its advent to power the National Government has had many evils to correct, but it has replaced them with far greater ones. In order to enforce its remedial measures it has exacted a heavy penalty and toll from

[1] The exact price, as will be seen from the table, depends on the exchange rate of the day. The point I am seeking to make here is that unless British wholesale prices can be made to reflect the fall in the value of the £, producers and consumers must pay the loss. As the position stands, Great Britain is still on the so-called gold standard, but on a deflated basis.

[2] The later statistics confirm in a most remarkable way the Quantity Theory of Currency developed in *The Crisis of the £*, pp. 49–57.

TABLE B

BANK OF ENGLAND

(in Millions of £s)

Year	Notes in Circulation		Total	Bank of England Notes in Currency Notes. Redemption Account	Notes in Banking Department of Bank of England (Reserve)	Total of Notes Issued	Proportion of Reserve to Liabilities (Banking Department)	Bankers' Deposits
	Currency Notes and Certificates Outstanding*	Bank of England Notes						
							Per cent	
1919, October 29 ..	336·6	82·7	419·3	1·75	20·3	441·3	15⅞	76·2‡
1920, November 3 ..	356·0	109·7	465·7	18·75	11·7	496·1	9⅞	75·1‡
1921 November 2 ..	313·7	105·7	419·4	19·45	19·9	458·8	15¼	85·7‡
1922, November 1 ..	288·0	102·0	390·0	21·15	20·9	432·0	18⅜	68·8‡
1923, October 31 ..	281·3	102·3	383·6	22·45	20·8	426·8	19	67·8‡
1924, October 29 ..	285·0	101·1	386·1	22·45	22·8	431·4	19¾	71·0‡
1925, October 28 ..	291·6	86·7	378·3	56·25	25·2	459·8	23¾	64·8§
1926, October 27 ..	287·6	82·8	370·4	56·25	31·9	458·6	27⅜	66·6§
1927, November 2 ..	294·2	80·3	374·5	56·25	32·9	463·7	28¼	64·2§
1928, October 31 ..	291·6	78·3	369·9	56·25	48·7	474·8	42⅝	62·8§
1929, October 30 ..	†	358·8	358·8	†	32·2	391·0	30⅛	58·1
1930, October 29 ..	—	355·6	355·6	—	63·9	419·5	58$\frac{7}{32}$	55·7
1931, October 28 ..	—	356·0	356·0	—	54·6	410·7	41$\frac{23}{32}$	63·5
1932, November 2 ..	—	361·5	361·5	—	53·0	414·4	37$\frac{5}{16}$	102·7
1933, February 1 ..	—	357·3	357·3	—	44·1	401·4	30$\frac{3}{16}$	67·8
1933, August 30 ..	—	374·0	374·0	—	76·3	450·3	47$\frac{7}{32}$	79·4

* Since 1920, notes and certificates outstanding include notes called in but not yet cancelled. † Note issues amalgamated November 22, 1928.
‡ Estimated. § October average.

TABLE C

AMENDED STATEMENT SHOWING VARIATIONS OF ACTIVE CURRENCY IN CIRCULATION 1919 TO 1933 INCLUSIVE

Year	Bankers' Deposits (Bank of England)	Currency Notes in Circulation	Total of Active Currency in Circulation (equals Cash)*	Wholesale Price Index† (Board of Trade)	Cost of Living Index† (Ministry of Labour)	Deposits with Clearing Banks	Ratio of Cash to Deposits
1919, October 29	76·2	419·3	495·5	—	215	—	—
1920, November 3	75·1	465·7	540·8	307·3	249	—	—
1921, November 2	85·7	419·4	505·1	197·2	226	1,846	11·9
1922, November 1	68·8	390·0	458·8	158·8	183	1,729	11·6
1923, October 31	67·8	383·6	451·4	158·9	174	1,670	11·7
1924, October 29	71·0	386·1	457·1	166·2	175	1,674	11·5
1925, October 28	64·8	378·3	443·1	159·1	176	1,665	11·6
1926, October 27	66·6	370·4	437·0	148·1	172	1,686	11·6
1927, November 2	64·2	374·5	438·7	141·6	168	1,747	11·4
1928, October 31	62·8	369·9	432·7	140·3	166	1,790	11·0
1929, October 30	58·1	358·8	416·9	136·5	164	1,802	10·7
1930, October 29	55·7	355·6	411·3	119·5	158	1,828	10·4
1931, October 28	63·5	356·0‡	419·5	104·2	147	1,724	10·2
1932, November 2	102·7§	361·5	464·2	101·6	143	1,893	10·2
1933, February 1	67·8	357·3	425·1	99·6‖	138‖	1,983	10·8
1933, August 30	79·4	374·0	453·4			1,966	10·6

* Currency in circulation and bakers' deposits which the clearing banks call cash. † Yearly averages. ‡ Includes an increase of the Fiduciary Issue by 15 millions—under Treasury minute—as a temporary measure, but since cancelled. § This increase due to purchase of securities by Bank of England to neutralise debt payment to America of £25,000,000 gold. ‖ Average of first seven weeks.

the people. If it had faced the real issue, the heavy burdens exacted could have been avoided—they were quite unnecessary. But the carnal minds can always remedy certain defects by robbing the public to pay the rentier; and when they succeed they are deemed to be clever.

In a speech made in the House of Commons on May 9, 1932, Mr. Chamberlain made the following statement (vide *The Times*):

"If wholesale prices in this country had moved in proportion to the reduction in the value of the £, they would have risen in the proportion of 4 to 3, that was by 33⅓ per cent. As a matter of fact, they had not risen to anything like that amount. They had only risen about 4 to 5 per cent., and, whereas they would have expected retail prices to rise to the same extent as wholesale prices, that was to say by something like 8 to 10 per cent., they had not only not risen but had actually fallen since the £ left the gold level. Why was it that wholesale prices in this country had failed to respond to the movement of the value of sterling? It was partly because we did not buy all our imports from countries which were on the gold standard. A very considerable proportion of our imports came from countries which were either on sterling, or at any rate were not linked to gold. But it was very largely because gold prices had fallen."

This statement made by Mr. Chamberlain was not a complete one. He omitted the most important part of the argument. He said in effect that with the £ quoted at 15s., prices in this country should have risen by 33⅓ per cent. But, as already indicated, by devaluing the £ to a level of 15s., which was the value at the time of his speech, the effective currency in circulation was in effect deflated by 25 per cent., so that prices should have fallen proportionately; that they did not do so is because action and reaction were equal. The inflationary tendency was neutralised by the deflationary tendency, hence internal wholesale prices rose only

by 4 to 5 per cent.,[1] which increase could be attributed to the import duties imposed meanwhile. At this particular time also (May 1932) gold prices had fallen slightly over 9 per cent. since the £ had been devalued, so that wholesale prices in Great Britain had really risen 14 per cent. over gold prices. Actual purchases of certain primary products, such as copper, tin, cotton, gold, and silver, which have an international market, and which are quoted in terms of gold, cost British producers 33⅓ per cent. more in sterling; and as this increased cost had to be included in costs of production, not always recoverable by the producer, the loss here involved became a hidden one.

The real reason why the authorities declined to inflate the currency at the time the £ was devalued, and since then, is to be found in a quotation from the Macmillan Report, and which, oddly enough, was quoted by Mr. Chamberlain in his speech, as follows:

"Beyond saying that a large rise towards the price level of 1928 is greatly to be desired, it is difficult for us at the present date to be very precise, because the exact answer will depend on the course of events in the meantime. . . . A point may come when the encouragement of a further rise, though desirable in itself, may be difficult or impossible without running the risk of setting loose uncontrollable forces which will generate an undesired inflation, carrying the price level much beyond the equilibrium point, with the prospect of an injurious reaction equally uncontrollable at a subsequent stage. Thus the decision in detail will have to be left to the exercise of practical judgment at a later date."

Though I have disagreed with many of the conclusions of the Macmillan Committee, I can agree with this one. The moment a currency is placed on the slippery slope

[1] It will be seen from Table A on p. 219 that Mr. Chamberlain based his remarks on the wholesale index for April 1932, and that the index for May showed a rise of only 2 to 3 per cent. In April 1933 it had fallen 2·3 per cent.

of inflation it becomes an uncontrollable force, and this would certainly carry the price level beyond the point of equilibrium. Producers and traders would refuse to sell their goods for a purely paper currency except at an increase of price to compensate for any possible fall which might take place in the exchange rate of the currency. This is the way that prices of commodities and securities were really inflated by Germany and France after the War. Lack of confidence and trust were the basis of it. But I should emphasise here, to avoid any misunderstanding, that the Central Reserve Standard could never become an uncontrollable force.

A striking confirmation of the foregoing arguments is to be found in the recent devaluation of the South African pound (£), which was forced upon the South African Government by the mining interests, and which may be regarded as another classical example of the art of money-getting. The South African Reserve System has, even at this moment, about the finest elastic system of currency in the world, and as the country had a favourable balance of trade there was no sound technical reason which called for the abandonment of the parity of the South African £. The exchange value of the South African £ is now about on a parity with sterling—at the present time (September 1933) it is worth about 13s. in terms of gold—and this depreciation has enormously increased the profits earned in terms of the monetary unit by the South African mining companies, which increase has been obtained at the expense of the labour employed (directly and indirectly) in the production of gold. The wage-earners formerly received their wages in terms of gold, that is, at the mint par of exchange, but they now receive them in terms of the depreciated South African £. The South African mining companies receive a price per fine ounce for their gold also in terms of depreciated £s, but as these

are calculated in terms of gold (the mint parity of exchange) the number they receive has considerably increased. The point now to be considered is—Who pays? If the other producers and wage-earners of South Africa do not pay—they will eventually have to do so, unless prices rise and the wage-earners can meanwhile obtain an increase of wages—why should the public be called upon to pay these enormous profits, for this is really what it amounts to? The mining interests receive 31s. in depreciated £s for their exports, while agricultural producers receive only 13s. And why should a producer of gold be placed in a more favourable position than, say, a producer of butter, merely because he has been able to force an alteration in the value of the £? This same privileged position now extends to practically all the gold-mining producing companies throughout the world, especially since the United States abandoned the parity of her exchanges a few months ago—but again for no sound technical reason.

The South African £ was devalued on December 28, 1932, that is, the mint par of exchange was abandoned, and in the tables on pages 228–9 the profits earned by the South African mining companies in the six months prior to that date are compared with the profits earned in the six months subsequent to that date. In some cases it will be seen that the profits have been increased by over 100 per cent. The July figures for 1933 have been added merely for the sake of information.

The total net profits of all the South African mining companies for the present year (1933) are estimated as follows:

	£
(*a*) With gold at 84s. 9d.	14,865,000
(*b*) Extra with gold at 120s.	14,283,000
	£29,148,000

TABLE D

WORKING PROFITS OF LEADING SOUTH AFRICAN GOLD MINES

	Brakpan	Consolidated Main Reef	Crown Mines	East Geduld	East Rand Proprietary	Geduld Proprietary	Government Areas	Modderfontein East	New Modderfontein	Total
1932	£	£	£	£	£	£	£	£	£	
July	50,030	16,074	98,960	27,661	12,817	51,830	231,331	16,754	145,533	
August	52,111	15,736	99,210	29,214	13,533	51,045	240,037	17,355	143,667	
September ..	44,617	15,686	105,116	29,869	13,106	48,615	231,052	17,516	140,362	
October	45,040	16,302	106,900	30,866	13,401	51,462	231,193	17,547	139,391	
November ..	47,500	16,820	104,722	30,599	12,550	50,185	231,044	17,763	137,393	
December ..	44,995	16,359	104,729	31,032	13,249	51,689	231,225	17,760	137,124	
	284,293	96,977	619,637	179,241	578,356	304,826	1,395,882	104,695	843,470	£3,907,377
1933										
January	100,306	57,053	260,616	68,191	78,010	96,215	400,106	50,062	227 412	
February ..	93,704	47,035	219,256	64,924	66,110	86,910	346,139	40,530	179,101	
March	98,540	47,260	236,736	75,202	69,762	94,255	370,036	45,004	186,926	
April	99,748	47,223	222,222	67,561	68,104	94,596	315,066	39,145	175,865	
May	102,593	47,983	241,128	82,693	72,331	98,556	344,044	41,411	192,952	
June	98,108	47,207	228,692	81,716	70,036	95,647	330,066	40,287	182,701	
	592,999	293,761	1,408,650	440,287	424,353	566,179	2,105,457	256,439	1,144,957	£7,233,082
July	102,221	49,409	249,544	85,968	73,479	100,805	342,102	46,739	179,644	

TABLE D—*continued*

WORKING PROFITS OF LEADING SOUTH AFRICAN GOLD MINES

	New State Areas	Randfontein	Springs	Sub Nigel	Van Ryn Deep	West Rand Consolidated	West Springs	Total
1932	£	£	£	£	£	£	£	
July	90,276	65,298	78,545	75,168	25,129	25,110	15,537	
August	95,200	65,042	80,049	75,858	26,517	26,331	16,424	
September	91,271	65,111	75,004	76,261	25,558	24,041	14,991	
October	93,260	70,083	77,014	76,541	25,829	25,036	14,350	
November	95,123	69,126	76,998	76,659	25,817	25,314	14,270	
December	96,235	70,188	76,056	77,768	25,504	25,401	14,589	
	561,365	404,848	463,666	458,255	154,354	151,233	90,161	£2,283,882
1933								
January	175,058	190,402	143,325	135,082	64,441	71,181	46,015	
February	152,045	155,237	132,052	135,109	55,207	64,589	40,254	
March	171,072	167,184	130,295	143,025	57,296	67,711	41,031	
April	154,412	153,117	132,993	144,137	51,132	63,621	40,296	
May	170,100	164,153	134,560	147,868	58,245	69,010	39,145	
June	162,096	160,162	131,000	145,523	55,235	66,097	37,842	
	984,783	990,255	804,225	850,744	341,556	402,209	244,583	£4,618,355
July	164,331	170,434	135,759	153,271	55,225	71,033	35,029	

With gold at the present price of 130s. per fine ounce the extra profits shown above will of course be substantially increased; and in view of the increased profits now being earned, the South African Government has imposed an excess profits tax, which is additional to the normal tax of 4s. in the £ on each mine, and, after certain deductions, it will be at the rate of 1 per cent. for each penny per ton of increased profit. But Mr. Havenga, the Finance Minister, has since stated that the 'additional taxes' would not amount to more than £6,000,000, and that 'any excess would be refunded to the industry.'

From the normal tax of 4s., and on the basis of a selling price of 120s. per fine ounce, the Union Government was expected to receive a total of £5,003,306 made up as follows: £2,462,000 with gold at the old normal mint price of 84s. 9d., and £2,541,306 on the inflated price between 84s. 9d. and 120s. The excess profits tax was also expected to yield £4,834,354. On the difference in price between 84s. 9d. and 120s. the additional increase in revenue to the Government was expected to be £7,375,660. If Mr. Havenga's intention is to limit the latter item to £6,000,000, he is already liable to refund over £1,375,000, while all further profits resulting from an increase in the price of gold above 120s. will be subject only to the normal tax of 4s. in the £.

The Government's share in the profits of the mining companies as above estimated, excluding income tax on dividends, is as follows:

	£
(*a*) Normal tax of 20 per cent.	5,003,306
(*b*) Excess profits tax	4,834,354
(*c*) Lease participations	5,423,000
	£15,260,660

The present Prime Minister of the South African

Government, Mr. Hertzog, and the present Finance Minister, Mr. Havenga, were against the devaluation of the South African £, and it is to their credit. Time will prove Mr. Hertzog's remark 'that those who forced the devaluation of the £ were traitors to the country,' and by this we can assume that he meant 'to the people.'

* * * * *

We can now begin to understand more clearly the meaning of the following passages in Scripture:

"Are there yet the treasures of wickedness in the house of the wicked, and the scant measure that is abominable? Shall I count them pure with the wicked balances, and with the bag of deceitful weights? For the rich men thereof are full of violence, and the inhabitants thereof have spoken lies, and their tongue is deceitful in their mouth." (Micah vi. 10–12.)

"Woe unto you, scribes and Pharisees, hypocrites! for ye make clean the outside of the cup and of the platter, but within they are full of extortion and excess. Thou blind Pharisee, cleanse first that which is within the cup and platter, that the outside of them may be clean also." (Matt. xxiii. 25, 26.)

"Go to now, ye rich men, weep and howl for your miseries that shall come upon you. Your riches are corrupted, and your garments are motheaten. Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire. Ye have heaped treasure together for the last days.

"Behold, the hire of the labourers who have reaped down your fields, which is of you kept back by fraud, crieth: and the cries of them which have reaped are entered into the ears of the Lord of sabaoth. Ye have lived in pleasure on earth, and been wanton; ye have nourished your hearts, as in a day of slaughter. Ye have condemned and killed the just; and he doth not resist you." (Jas. v. 1–6.)

CHAPTER XI

ON PRESIDENT ROOSEVELT'S GREAT EXPERIMENT AND HIS DIFFICULTIES. WHAT IS MONEY?

THIS subject is sufficiently important to warrant a separate chapter being given to it. Reformers cannot but admire President Roosevelt's courage in seeking to break away from orthodox monetary tradition, but the new policy which he has sought to introduce is wrongly conceived, and is not likely to meet with the full success which he hopes for. The fundamental mistake made by the President is in going forward without a clearly defined policy having for its objective end **the control of credit and not of currency.** Without such a conception it is not possible for him to control those financial forces which are able to defeat all good intentions. Through bad advice he has been induced to devalue the dollar, to inflate credit, and to increase Government Debt, with a view to furthering the various schemes placed before him, whereas the reverse of this policy was the correct one—namely, to balance the national accounts, to control credit, to expand currency, and to maintain its parity. His policy of expanding credit and devaluing the dollar is bound to lead him into insuperable difficulties. By increasing the volume of credit he has simply increased the volume of purchasing power in the hands of those who are credit-worthy, and this by no means will enable him to realise his objective aim, which is to bring about an equitable distribution of wealth among the people at large, who, from a banking point of view, are largely uncredit-worthy, and to whom he desires to

give ' a square deal.' As stated earlier in this work the banking machine is a closed corporation to the bulk of the people. Unless they are able to borrow they cannot obtain purchasing power, so that in arranging for 'a square deal ' the President is not able to rely upon the increase of financial credit which he has brought about.

By increasing Government Debt to the extent he has, the President has increased the annual interest charges payable thereon, but he evidently intends to offset this by a few conversion operations, that is, by reducing the rate of interest payable on every hundred dollars of outstanding debt. But all increases of debt have to be repaid within some specified time—within a short or long period—and in the meantime a larger volume of bank credit will be needed to finance the increased volume of securities outstanding plus a larger lock-up of currency; and in the long run the burden of redeeming debt must always fall on producers and consumers, the very people whom he desires to benefit. In fact, he is giving them half a loaf with one hand, and asking for a whole one in return. Is President Roosevelt therefore doing these people a service by inflating credit on the lines he has pursued? Also, those who are credit-worthy can have a good time if they choose to spend the money they are able to borrow. But when the time comes for repayment a painful headache may ensue. Alternatively, they may spend the money in the development of production with a view to promoting employment, but if the public is not able to purchase the increased volume of production, then the increase will simply aggravate the economic crisis, and prevent the producers from repaying the financial credit they have so easily obtained; and this in turn will lead them to the bankruptcy courts, disillusionment, and economic discontent. There is an old truism which says that every inflationary movement is simply the beginning of a deflationary movement.

With such conditions facing them, even those who are credit-worthy are not likely to borrow freely, for the risk is too great.

President Roosevelt made a further mistake in allowing the dollar to be devalued. While maintained at parity the Federal Reserve currency in circulation was to a large extent his measure of value, but he could not retain the parity of it after substantially increasing the volume of financial credit, for in doing so he substantially increased the number of dollar units that were capable of being transferred abroad by speculators and others through the foreign exchanges. He has laid himself open to attack and defeat. As soon as the currency was devalued a lack of confidence in the dollar monetary unit was bound to assert itself. Experience has proved that when this happens it is impossible to determine the level to which the monetary unit may fall in the exchange markets of the world. Rich people able to obtain credit would, in order to protect their fortunes, or enable them to have a gamble in dollars, proceed to transfer such part of their liquid resources as they could afford to do without to those foreign financial centres where for the time being more stable currency conditions prevail.

President Roosevelt could give the wage-earning classes, farmers, and producers generally ' a square deal ' if he were prepared to evolve a mechanism that would ensure a more equitable distribution of wealth. This could be done if the new monetary mechanism provided for a substantial increase of consumers' purchasing power and an effective control of credit expansion. The plain fact is that the producer and consumer are for the most part not credit-worthy—they have not the available securities on which they may borrow financial credit from a bank—and even if they were able to do so, it would not solve the problem we are discussing. What the United States requires in common with all other

countries is a definite measure of value, and as the mechanism of the monetary system of the United States is at present constituted this is not possible.[1]

As already shown in the case of sterling, when the monetary unit was devalued it was impossible to bring about a rise of prices or wages proportionate to the depreciation of the monetary unit, for the simple reason that close on 80 per cent. of the total volume of money was, and is still, created upon financial securities of all descriptions. (In the United States this percentage is about the same, and by now probably more so.) The only effect which this policy had was to tend to deflate the general level of gold prices in world markets, because commodities could be bought in terms of the deflated currency much below the level of gold prices, and this tended to pull down the level of such prices. This in turn reacted upon the internal position of all countries, and it could have been offset only by a proportionate, or more than proportionate, increase of currency. In the case of Great Britain, which has an inelastic monetary system, this policy of expanding currency is essential, but it would require legislation. In the case of the United States, which has an elastic system,

[1] I am well aware that President Roosevelt's object in devaluing the dollar with a view to raising prices is to make it easier for debtors to pay their creditors, but I submit that this could have been done more efficiently and effectively in the way I indicate than by devaluing the currency and inflating financial credit, the whole burden of which in the long run must be borne by producers and consumers. Why increase the weight of debt when his object is to lighten it? Furthermore, there is a definite limit beyond which it is not possible to raise prices through currency manipulation, and that limit is costs of production, which I term the point of equilibrium. But President Roosevelt has got on to a spiral of rising costs, which is similar to a cat chasing its own tail, without necessarily ensuring that producers will be able to recover them. And if one adds to the objections I have mentioned the disturbances that have accrued to international relationships, and to the foreign trade of the country, President Roosevelt's mistaken policy becomes all the more emphasised.

an expansion of currency and/or bankers' deposits can be brought about automatically, and the devaluation of the dollar, if it is so desired, can be reflected very largely in prices. But if existing relationships between wages and hours of labour are disturbed by compulsory legislation, trade will be driven into rigid channels—which in economic science are termed rigidities—a lack of confidence will arise, uniform price adjustments will be delayed with all the disadvantages outlined above, and these will be accentuated if an inordinate expansion of financial credit is under way.

It has been emphasised, however, that under a rediscounting system, such as the Federal Reserve, an expansion of currency or credit by itself cannot raise prices beyond their point of equilibrium, which is the totality of costs of production. Under the system envisaged prices are predetermined, and therefore cannot be influenced by any expansion of currency. An expansion or contraction of financial credit, whatever the degree, has scarcely any influence on prices, which in the main are determined by costs of production; and prices, when they are free from monopoly, control, or speculation, naturally tend towards lowest cost.[1] The foregoing statements are made notwithstanding any apparent contradictions which may now appear in the American situation, and they are based on the assumption that credit is controlled, and that the public has confidence in the quality of credit created. When it is said that confidence is the basis of credit, this can apply only to those individual applications for credit, and where borrowers are credit-worthy. Public confidence in the monetary machine can be obtained only when all parts of it are stabilised. Unity and stability are therefore the objectives to be attained.

[1] These points are more fully developed in *The Crisis of the £*. Lack of space forbids a full discussion of them here.

A substantial contraction of currency in circulation will always force prices below their point of equilibrium, and a substantial expansion will force them up to it. Beyond the point of equilibrium prices will be determined by the level of wages, and the state of the art of production for the time being. Through invention and improvements effected in methods of production prices will tend to fall towards lowest cost, and this downward pressure will always counteract any upward pressure which expansions of currency may tend to induce above the point of equilibrium.

Thus the only objective purpose that we can attach to expansions of standard currency is the distribution of wealth. This is the one and only purpose which such a currency can serve. And the highest wisdom which any statesman can manifest is when he concerns himself with measures which aim at increasing not only the volume of currency in circulation to the maximum point necessary but also the purchasing power of the currency. It will therefore be seen that President Roosevelt did not give the producers and consumers of the United States 'a square deal' when he devalued the currency, as by so doing he decreased its purchasing power, and so tended to deflate world prices. We are now, of course, discussing currency dollars pure and simple and not credit dollars.

When the purchasing power of the currency has been reduced, whether by devaluation or deliberate deflation, the onus of correcting the fault is always thrown on to the wage-earners, and their efforts in this direction invariably end in strikes, lock-outs, social and economic disorders. Yet a statesman by his policy can always avoid strife and discontent if he makes his objective aim the promotion of distributive justice, and though it is evident that this is President Roosevelt's desire, yet he would seem to have lost it for the time being in his

keenness to give the producers and consumers 'a square deal.' Errors undoubtedly have to be corrected, but a statesman should avoid going from one extreme to the other, otherwise evolution is not possible.

* * * * *

The following quotations are taken from the September and October monthly bulletins (1933) of the National City Bank, New York, and are here introduced not only because I agree with the views expressed, but also because they confirm in a most remarkable way the views which I have been expressing for many years past to the effect that expansions or contractions of financial credit have very little influence on commodity prices; but at a later stage I shall introduce quotations with which I do not agree, for reasons which I will then explain. The controversy now taking place in the United States on monetary policy is most interesting, and from the point of view of our discussion is very helpful. The meagre results produced by President Roosevelt's great experiment will go far to explode many orthodox theories, and those of reformers who believe that through expanding and contracting financial credit (artificial money) we can regulate price levels and rid the world of poverty and distress. The experience that the United States is now going through in these matters will be of extreme value to the world in general. The salient points are certainly being brought to the surface:

"A third condition of business equilibrium is that prices of various goods and services shall be in equitable relationship to each other, so that the products of each group of the population may exchange in the fullest possible degree. The outstanding disparity is between crude materials including farm products on one hand, and finished products on the other."

"Secretary Wallace made a statement of the situation on September 9th, in which he said that while the farmer's cash

income has been increased the higher retail costs have absorbed the increase, and left him no better off for meeting his interest, taxes, and fixed charges. 'Our people are likely to get impatient within the next three months,' he said, 'and demand a strong dose of inflation.' It is not surprising that demands for outright currency inflation have been revived by farmers or their representatives."

"This increased depreciation of the dollar gives opportunity for an examination of the effects of progressive currency debasement upon prices. Moody's index of prices of fifteen sensitive commodities, of the kind which are influenced earliest and most strongly by the sentimental and trade effects of monetary changes, made its high point on July 18th, at 148·9 (December 31, 1931 = 100). Subsequently it declined to 126·7 on September 9th, rallied to 136·5 in the next week, and on September 28th was 131·4. Thus, while these prices rallied temporarily during the decline of the dollar, they at no time have been as high as in July, even with the assistance of N.R.A. and A.A.A. measures taken since that time. Evidently currency depreciation is an insecure basis for an advance of prices, even of commodities entering world trade, and sensitive to such influences."

"With the dollar depreciated 35 per cent., and the price trend as shown, what is now to be said for the calculation that a 40 or 45 per cent. reduction of its statutory gold content would raise prices to the average pre-depression level? On that level the Moody index would be about 240, and our readers may use their own judgment as to the degree of inflation that would be necessary to advance prices to that point."

"That the economic situation would be immeasurably benefited by some assurance or declaration of policy which would establish confidence in a reasonable stability of the currency, and in firm control of it, is a proposition from which there can scarcely be dissent. Rightly or wrongly there is distrust of the situation, and not only because of the political pressure that the advocates of inflation can exert."

"It is not in the interest of anyone that the recovery programme should be pushed so rapidly as to make it impossible to maintain balanced relations, order, and confidence. The principle involved is that the programme will succeed to the extent that it harmonises with and accepts the guidance of the natural economic forces

which have accomplished all of the progress of the past, and acts only to supplement and facilitate their operation. There have been abundant indications for more than one year that the natural forces are operating in the direction of recovery, and, given a programme in step with them, and monetary security, there is every reason for confidence that the instincts of business men to do business will keep the recovery going in enduring fashion."

"Despite this continuous pumping of new credit into the market, the volume of member bank credit in use has not displayed the increase which is the object of monetary policy. While Federal Reserve holdings of Government Securities have been increasing, and bank reserves rising, the volume of member bank loans and investments has changed but little. Unsecured loans, which include under this classification loans made for commercial purposes, did indeed increase by a moderate amount, but these increases were more than offset by decreases in loans on securities and in security investments. Deposits during the period increased by approximately $100,000,000, reflecting chiefly funds put into the market by Federal Reserve activities."

"The failure of bank credit to respond more promptly to this high-pressure expansion program has been cause for a renewal of the charge that bankers are not displaying the liberality which they should in dealing with applications for credit. This, of course, is an old charge which always crops up in times of depression when a great many business men have lost money and are in need of additional capital. Such persons cannot understand why the banks are not in a position to stake them to a new start in business."

"It is not in the interest of the bank depositor that the banker should let down the bars against questionable loans. The depositor puts his money in the bank, and expects the bank to have it ready for him when he wants to take it out. In such case, the primary duty of the banker is clear—he has no right to venture this money, which does not belong to him, in transactions about which there is any cloud of doubt. He has no choice but to employ the utmost circumspection. Granted that the bank has a responsibility to the borrower, the obligation to the depositor is still paramount. In fact, no banking system can exist which does not seek first to protect the depositor whose funds are the foundation of the entire structure."

"In short, the problem of getting credit into circulation is not as simple as it may appear on the surface. Banks are ready and eager to lend whenever a customer walks in whose credit standing is such as to entitle him to the money. Unemployed reserve affords no sense of gratification to the banker, for money is the banker's stock in trade, and idle money burns a hole in his pocket as surely as does slow merchandise for the dry goods wholesaler and retailer."

With regard to the last four quotations, I agree that banks would be unwise, with economic conditions as they are, to tie up their lending power—they do not lend wealth—and borrowers would be very unwise to borrow for productive purposes, unless they are first of all assured that consumers' buying power has been definitely increased, and this will manifest itself only when purchasing power has been definitely and equitably distributed.

But I am not influenced by the statement that 'depositors put their money in the bank . . . and that the banker has no right to venture this money, which does not belong to him, in transactions about which there is any cloud of doubt,' for the simple reason that it is a physical impossibility for bankers to lend depositors' money. The only exception would be in cases where depositors actually deposited currency, or cheques drawn on Federal Reserve Banks, and we know that the ratio of currency to deposits is only about 1 to 12.

When a bank grants a loan it merely lends a part of its lending power against which it asks for collateral security, but if it makes heavy losses on its credit-lending business and/or on its investments, and if it is unable to make these good out of its own resources, then the losses will fall on the depositors of the bank, who have for the most part simply deposited credit. In fact, deposits are really debts on which interest is payable, and they are created merely as a result of banks making

loans against collateral or through buying securities and bills of exchange; but the ultimate security for this mass of credit is really the degree of convertibility which it possesses into wealth. If the consumption of wealth is low, the granting of credit is a risk which bankers must carefully consider. If the consumption be high, the granting of credit taken as whole is reasonably safe. As I have stated on more than one occasion, all values disappear at starvation point, so that the further we get away from starvation point the better for all concerned. From this reasoning it follows that the only true currency is the wealth which the nation produces in the course of a year—it is the nation's income—and that the safety of banks would be more assured if more wealth could be pumped into the credit structure. This being the literal truth, it will be seen that the excessive pumping of financial credit into the economic machine from the top is the height of folly. As demand can arise only from the prosperity of producers and consumers, it is obvious that the objective aim should be the pumping in of commercial credit from the bottom.

There is one further observation to be made before leaving this part of the discussion. When there is a financial crisis, bankers always begin to talk of commodities and the level of prices; but when we bear in mind that at least 80 per cent. of all credit is financial in origin, we can reasonably ask—What is the connection between the two? There is none. One can only regret that President Roosevelt has fallen into the error of pursuing this will o' the wisp. According to Press reports he aims at restoring the general level of commodity prices in the U.S.A. to the 1926 or 1928 price level, but assuming he succeeds what will happen if the level agreed upon does not conform to the general level of world prices? In my previous works I have laid it down as a principle that money, whether it be currency

or credit, should have no influence whatsoever on prices, and this can be assured only if we insist upon the volume of currency being increased automatically and proportionately with the volume of eligible business to be done. After this provision has been made it does not then become the business of a Central Bank (or Governments) to interfere with price levels as such; these should be determined by costs of production, and should not be influenced by monetary policy. The proper business of a Central Bank is to ensure the maintenance of sound banking principles, and of these the stability and convertibility of the currency, and the regulation of credit and of its quality, are the most important. The right of predetermining prices is one that should be left to producers, and this they will be at liberty to do only, and for the first time, after the essential monetary reforms have been introduced, and their costs of production have been ascertained. This is obviously the natural order of procedure; but in all these discussions on monetary policy the obvious has always been overlooked. The improvement of economic and social conditions, which costs of production alone have to bear, is a matter which Governments should deal with exclusively through legislation in the economic sphere. It is not a matter that can be dealt with by tampering with the currency.

After the requisite monetary mechanism has been approved by which Central Banks shall conduct their operations with a view to promoting distributive justice, no Government should be allowed to interfere or tamper with the currency. It does not come within their province. Mechanism alone can remove the evils of which complaint has been made. Let us assume, for example, that President Roosevelt is able to restore prices to the 1926 or 1928 level, would this achievement by itself ensure an equitable distribution of wealth at that level?

By no means. It would, on the contrary, restrict it. Furthermore, in order to maintain a general level of prices at a given point, the Central Bank, acting on the authority of the Government, would have to inflate and deflate the currency as circumstances required; but the sole object of currency reform is to remove these defects, and to prevent Governments from using monetary mechanism as a political football. But even if a general average of prices could be maintained at an agreed level through currency manipulation, no guarantee could be given that a violent movement of prices within the agreed level would not take place; or that individual prices would not be higher in one country than in another; or that individual prices could be made to move uniformly in all countries.[1] Then again, in order to ensure the maintenance of the internal price level agreed upon, certain prices would necessarily have to bear the brunt of the inflationary and deflationary processes from time to time with advantage to the remainder; and it would be impossible to pass on all the benefits accruing from the improvements effected in the arts of production to the consuming public through wages, hours of labour, and prices. In fact, the stabilisation of a general level of prices would retard progress, both nationally and internationally, instead of facilitating it. It would make for extreme nationalism. It would not give the producers and consumers that freedom from the monetary machine for which they have striven so long. Money would continue to be the master of humanity and not the servant. Consequently it may be taken for granted that humanity at large is not really interested in the mere restoration of a price level. What it is seeking for is an equitable distribution of wealth, for this only will establish righteousness, and thus cure

[1] Under the Central Reserve Standard these points are not material.

the revolutionary tendencies now prevalent in the world.

* * * * *

In order that the views expressed thus far may be the more readily appreciated, let us now consider a few of the relevant statistics associated with the credit inflation that has taken place, and the influence which this inflation has had on prices and wages. These statistics will confirm that the so-called Quantity Theory of Money does not exist in so far as this theory is supposed to effect commodity prices.[1]

In January 1932 the Government Debt of the United States amounted to 17,816 million dollars; in January 1933 it rose to 20,802 million dollars; and by August 1933 it had risen to 23,099 million dollars, the latest available figures; and it will be seen that the debt shows an increase of 5,283 million dollars, or approximately 1,150 million pounds sterling. Some of this may, of course, be due to the deficits that have accrued in the national budget.[2]

The credit extended by the Reconstruction Finance Corporation, an institution formed to extend credit in cases which the banks could not prudently deal with, is as follows:

To June 30, 1933

			$
Loans and advances	authorised	...	3,041,000,000
	actual ...	...	2,459,000,000
	repayments	...	584,000,000
Outstanding as at June 30, 1933 ...		...	$1,875,000,000

The following statistics will show the progress of credit inflation brought about by the Federal Reserve

[1] See *The Crisis of the £* on the Quantity Theory of Money.

[2] See p. 262 for latest position.

Banks within nineteen months ending September 1933, and also the volume of currency in circulation outside the Treasury and Federal Reserve Banks:

(*In Million Dollars*)

	Currency in Circulation in U.S.A.	Federal Reserve Banks	
		Member Banks Reserve Balances	U.S.A. Government Securities
February 21, 1932	5,592	1,878	741
September 7, 1932	5,725	2,142	1,851
February 2, 1933	5,988	2,271	1,834
September 27, 1933	5,595	2,596	2,274

It will be observed that the Federal Reserve Banks have increased their purchases of Government Securities, and that at September 1933 they stood at a level of 2,274 million dollars, being an increase over February 1932 of no fewer of 1,533 million dollars. The currency in circulation shows no change to speak of, but if added to the member banks' reserve balances the two combined may be regarded as the cash position. The balances with the Central Banks are regarded as the equivalent of currency by the member banks, as indeed they are so regarded in other countries. In England these balances are termed cash by the Clearing Banks in their monthly returns.[1]

Owing to the banking crisis of last March, and the then failure of many member banks, it is not possible to compare the public's deposits with those of a year ago, but we can show the increases of deposits that have taken place monthly since April last with the licensed member

[1] See p. 223.

banks, that is, with those allowed to continue business after the crisis:

	$
April 1933	21,710,000,000
May 1933	22,509,000,000
June 1933	22,974,000,000
July 1933	23,160,000,000

The economic results produced by the great inflation of credit outlined are very meagre if we bear in mind that a natural recovery from the severe depression was in any event overdue, and that this was already under way in world trade generally before the inflation took place. Nevertheless, tribute should be paid where tribute is due. The index of production last March was 60 (1923–5 average = 100) and in July last it had recovered to 98, certainly a remarkable achievement, but it has since fallen back to 91 in August, and to 84 in September. The improvement in July was no doubt brought about by producers who anticipated a further depreciation of the dollar, which they believed would bring about a substantial rise in prices. There were also the extensive propaganda and public prosperity parades to influence the producer. But there is a prospect that with the fresh measures of currency devaluation and financial credit expansion undertaken by President Roosevelt a limited upward trend of the index of production and of dollar prices will set in again.

There is, however, a great deal of disappointment and disillusionment in the United States in other directions, and the reason for this will be apparent in the following brief particulars: The depreciation in the value of the dollar in terms of French francs (gold) was 47·9 per cent. between March and September. During the same period the wholesale price index rose only by 15·3 per cent., and the index of the cost of living, as recorded in the monthly bulletin of the Federal Reserve Bank, New York, rose only

by 6·3 per cent. According to the same source of information the rise in wages amounted only to 5·4 per cent.

The increase in the wholesale price index, in the cost of living index, and in wages, have not by any means reflected the percentage devaluation of the dollar, nor the enormous increase of credit that has taken place in various ways. The Quantity Theory of Money has not worked out as laid down by the orthodox economists in their text-books, and for this further confirmation of the falsity of the theory we have to thank President Roosevelt. But because of the disappointing results shown, the adherents of the Gold Standard are raising their heads once more, and some of the arguments which they are now putting forward in the United States are quite untenable, and if allowed to remain unanswered will do more harm that good. As it is essential that they should be answered I propose to do so towards the end of this chapter.

* * * * *

From the evidence submitted it will be seen that the great mistake made by President Roosevelt was in following a policy that was unsound not only from a national point of view but also from an international one. He embarked on his new pilgrimage **without a measure of value**, and he was even forced to abandon the limited one he had for reasons already stated. He ignored the potential reactions of his policy on the world situation in general, and this he could afford to do only if he were provided with the correct policy. In countries less favourably situated than his own he has encouraged a belief in the failure of the so-called capitalist system, and has thereby accentuated the revolutionary tendencies in the world. If a great country like the United States fails to remove the defects inherent in their monetary system, notwithstanding the talent which the President

has at his disposal, will this not encourage many people to believe that the system of private ownership has failed? This question has already been asked, and it is one to which he is apparently not able to provide a satisfactory answer.

President Roosevelt was correct in assuming that the United States could live unto itself, but to enable her to do this it would be necessary for her to adopt the measure of value, or middle term, in order to ensure the elimination of excess and defect. (Gold was never a measure of value, nor can it be made one.) But a nation must have due regard to the welfare of its neighbours. No one nation can gain maximum prosperity if its neighbours are not prosperous. It would undoubtedly be true to say that the defects prevalent in the monetary systems of the world (and President Roosevelt has performed a great service in magnifying them) have led to the various Dictatorships now established in the world, and to the loss of prestige by the League of Nations. Stated briefly, this situation has been brought about because the nations of the world have endeavoured, both internally and externally, to promote an increase in the distribution of credit but not of wealth. Yet are not all nations rich in wealth? They have reversed the natural order of procedure, and to this may be attributed the failure of the World Economic Conference of 1933, of the Disarmament Conference, and in fact of most other Conferences that have been held at Geneva; and to which we may even add the inability of some nations to pay their subscriptions to the League of Nations.

What, then, are the essential constructive proposals? As it is impossible to promote distributive justice to its maximum extent solely through expansions of currency and of credit, in what other way can we do so? The answer is that we must employ direct methods, and the first steps to be taken are clearly set forth in the Central

Reserve Standard in Chapter XV. Given the acceptance of this standard in its entirety in the first instance, then a square deal can subsequently be given to producers and consumers by increasing wages to a higher level, and by shortening the working week; but for these to be effective they should be enforced by an Act of Congress to take effect as from a given date.

But distributive justice should extend beyond the point we have here discussed in order to ensure 'a square deal' to all, including those at the lower end of the social scale. After the monetary system has been perfected, the next great reform essential is that all wealth produced in the course of a year shall be fully and equitably distributed in that year, and not destroyed. The precise mechanism by which this may be ensured can be determined only after the Central Reserve Standard has been in operation for a short while. The problem of over-production, and all other kindred questions, are matters that will require to be dealt with separately from monetary mechanism, which, after it has been determined, should not be tampered with; and no inflationary or deflationary tendencies should be induced in the monetary system by any subsequent Act of Congress, since this would destroy the efficiency and efficacy of any new standard agreed upon.

All improvements effected in the arts of production should be passed on to the consuming public through wages, prices, and profits. To-day they are used to accentuate cut-throat competition with loss to all concerned. This is called the curse of capitalism, whereas it is the curse of existing monetary systems. Society has not yet learnt to appreciate the character of the restrictive influences that are imposed by these systems, nor the evils that directly or indirectly emanate therefrom; nor does it wilfully place itself in direct opposition to labour and the interests of consumers generally; on the contrary, it acts in ignorance and does not know what

is happening. President Roosevelt is aware of this, and he is to be commended for the great and noble effort which he is making towards clarifying the situation. Notwithstanding his mistakes, all reformers will certainly extend to him their good-will and best wishes.

"Wisdom is the principal thing; therefore get wisdom: and with thy getting get understanding. Exalt her, and she shall promote thee: she shall bring thee to honour, when thou dost embrace her." (Prov. iv. 7, 8.)

* * * * *

As already stated, because of the disappointing results obtained so far from President Roosevelt's experiments, the adherents of the Gold Standard are lifting their heads again, and the leadership is evidently being assumed by the National City Bank of New York. The writer of the articles in the monthly circulars issued by this bank is quite evidently an authority, and no better exposition of the orthodox point of view is to be obtained. I have already made a reference in this chapter to certain views expressed by him with which I agree, but I now propose to deal with other views expressed by him relative to the Gold Standard with which I disagree.

In the October bulletin (1933) the bank's economist has a controversy on the merits of the Gold Standard, with two other economists who are advising President Roosevelt, but lack of space prevents me from referring to his opponents' case here. But in support of his views he quotes a letter which he has received from Professor Kemmerer, dated September 15, 1933, part of which reads as follows:

"Those who maintain that the world has been experiencing a shortage in gold in recent years usually greatly underestimate the enormous economies which have been effected in the use of monetary gold since the beginning of the World War. The subject is one to which I have given considerable attention for

many years, and I can find no evidence whatever to support the conclusion that the world is to-day either experiencing or facing in the near future anything that can be called an enduring shortage in the supply of monetary gold."

No monetary expert who understands his job would disagree with this statement. But it is to be observed that in this declaration of principle Professor Kemmerer confines himself solely to monetary gold, and that he makes no reference to paper currencies, or to the financial credit that is pyramided on monetary gold, or to the paper currencies and monetary gold that are locked up at the base of credit systems. He puts forward a simple elementary proposition and one with which there can be no disagreement.

But the bank's economist then proceeds to quote an extract from an address given by Professor Kemmerer before the Pan-American Conference of 1931 which he considers to be an adequate treatment of the subject. The proposition outlined in this quotation I have divided into two parts as follows:

(1) "A Central Bank's reserve should not be looked upon principally as a 'backing' for the bank's note circulation and deposit liabilities, nor as fundamentally a guarantee of the bank's ability to meet these obligations. All the assets of a Central Bank perform this function. A Central Bank's reserve is not concerned so much with the question of the ultimate solvency of the bank, as with the question of the machinery that will maintain the gold value of the bank's notes and deposits through adjusting the supply of the circulating media—bank notes and deposits payable by check—to the changing demands of trade, increasing their circulation when trade demands increase and decreasing it when the demands of trade fall off."

(2) "In this way, currency at one time is prevented from depreciating because of redundancy and at another time from appreciating because of scarcity. A Central Bank's reserve is primarily, therefore, a 'regulator fund' and it functions successfully only when it is actually used to decrease or increase the

country's circulating media. A dead gold reserve, namely, one which is not actively used for redemption purposes, is practically useless and performs no important function in the maintenance of the gold standard."

As regards the first part, I agree that all the assets of a Central Bank should be the security for its note circulation and deposit liabilities. But when he states that the Central Bank's gold reserve should also be concerned ' with the question of the machinery that will maintain the gold value of the bank's notes and deposits through adjusting the supply of the circulating media (that is, currency notes and member bank deposits payable by cheque) to the changing demand of trade, etc,' then I am not in agreement, because the gold reserve of a Central Bank cannot control the volume of financial credit which member banks can create, nor the quality of such credit. The reserve could certainly function on lines indicated by Professor Kemmerer, provided the ratio at which credit was expanded by member banks was definitely controlled by the Central Bank. As I have previously stated, a Central Bank has no legal control over the volume or quality of financial credit which member banks can create, and what Professor Kemmerer is suggesting is that the gold reserve, *per se*, should now in a measure assume this responsibility, but this is not possible, and even if it were so it is not desirable. It is due to the endeavour to maintain this theory in the past that gold reserves have not been able to function as they should have done. If Professor Kemmerer really means that gold reserves, even with the addition of the other assets of a Central Bank, should be confined to the changing demands of trade, I could agree with him. But is the problem which we are now discussing really concerned with the changing demands of trade? The problem with which we are now concerned is surely this—In what way can we control the

inordinate expansions of financial credit that have taken place, and that are now taking place? It is the conversion of this form of credit into monetary gold that has brought about the breakdown of the Gold Standard, which conversion has prevented consumers and the changing demands of trade from obtaining all the monetary facilities they need. In saying this, however, it is not to be understood that I am defending the Gold Standard as formerly practised.

As regards the second part of the Professor's proposition wherein he states that through the adjustment of the circulating media (as outlined in the first part) 'currency will at one time be prevented from depreciating because of the redundancy and at another time from appreciating because of scarcity,' my answer here is that no discretionary power should be left with a Central Bank as to when the currency should be expanded or contracted. Provided the Central Bank conforms strictly to the regulations provided for it by Government, we need have no fear of a currency depreciating because of redundancy. We are here, of course, now discussing currency pure and simple, and not credit. But if the Professor includes financial credit in his conception of currency, would it not be advisable for him to say so? And if he does include it, is it possible to-day for any Central Bank to control the creation and quality of financial credit? The Professor's concluding remark that 'a Central Bank's reserve is primarily, therefore, a regulator fund and that it functions successfully only when it is actually used to decrease or increase the country's circulating media' is somewhat contradictory. Under a rediscounting system the gold reserves might be used as an aid to the end desired, but the volume of currency in circulation under a rediscounting system would surely be determined by the volume of eligible business to be done? I can agree that 'a dead gold

reserve, namely, one which is not actively used for redemption purposes, is practically useless and performs no important function in the maintenance of the Gold Standard.' This is only too true. All the assets of a Central Bank should be actively employed in maintaining sound banking practice in accordance with the law of the land, and in maintaining the convertibility of all its liabilities, which are mainly made up of the currency notes which it issues, and the deposits made with it by member banks.

After quoting the letter and quotations above mentioned, the economist of the National City Bank then proceeds naïvely to remark:

"There ought to be an end to the mistaken idea that because gold is the standard of value it bears the burden of all demands for currency. Any medium of exchange has a utility value corresponding to its nominal value, so long as the supply is closely adjusted to the needs of trade."

As the medium of exchange is to-day largely composed of financial credit, the writer states that 'it has a utility value corresponding to its nominal value so long as the supply is closely adjusted to the needs of trade.' If his statement could be accepted literally, I should agree. But are all financial transactions to be regarded as trading transactions? Then again, the supply of money, as that term is now understood, cannot be adjusted to the needs of trade by any member bank, or any group of member banks, for it is clearly not within their province to determine that issue. Another important point to be taken into consideration is this: Whenever member banks expand financial credit, the bulk of the currency in circulation is retained by them as a 'regulator fund' to maintain or buttress their credit structure; that is, a ratio of cash to deposits has to be provided. There is no mistaken idea about the evils which exist within existing

monetary systems, and the arguments put forward by the orthodox economists will by no means put an end to the ' idea.'

The bank's economist now proceeds to let the cat out of the bag, and to confirm my thesis, in the following statement:

" Briefly stated, the gold reserves not only regulate the domestic credit currencies but serve as what may be called expansion joints between the currencies of the world, connecting them and holding them in fixed relations while permitting the domestic currencies to expand and contract independently to suit domestic conditions, all the time affording a common system of prices for the financial relations of all the countries in the gold standard system."

We are now told that ' the gold reserves are to regulate domestic credit currencies and function as an expansion joint between the currencies of the world, etc., etc.' If we take into consideration all the functions which gold reserves have been called upon to do, and are still expected to do, it somewhat reminds us of the famous saying in the Baroness D'Orczy's book *The Scarlet Pimpernel*, to wit: ' Is he here, is he there, that demned elusive Pimpernel? ' One is not surprised that these orthodox economists have failed to convert President Roosevelt to such a formula, or to gain his sympathy. Rather than accept doctrines such as that outlined, the President may prefer to follow extreme experimental measures, which may prove to be rather expensive. But if he is determined, can he be blamed?

The bank's economist then proceeds to argue that unless we return to the Gold Standard (the old bad ways) chaos would ensue in international monetary relations, but I am rather under the impression that chaos has already ensued in these relations, and that the idea of holding a World Monetary Conference was agreed to long before Mr. Roosevelt's election as President.

We are now given some very wise sayings from the orthodox point of view and which seem rather familiar. I cannot do better than quote them in full, and the first two are by Professor F. W. Taussig, of Harvard University, and the third is by Dr. Richard T. Ely, as follows:

"It suffices here to note how completely division of labour and exchange work out their results through the use of money. Every producer gets his return in amounts of money. The exceptions in any of the countries of advanced civilisation are so few and so rapidly disappearing that they serve only to make clear how virtually universal is the rule. Exchange takes place by first selling goods for money and then buying with the money such other goods and services as are wanted. The fundamental fact of exchange is thus obscured by the very mechanism that so perfectly facilitates it. Just as the co-operation and combination which are essential features of the division of labour are carried on without a consciousness of any combined action, so the process of exchange goes on without the consciousness that it is the aim and end of all buying and selling."

"All use of money could be done away with if there were but a single bank, if all deposits were kept at it alone, and if all payments were made by checks on it. The payee of a check ordinarily 'deposits' it. Thereupon this single bank would deduct so much from the amount credited to him who drew the check, and add so much to the amount credited to the payee. No money would pass, and the payments would be effected simply by substituting one person for another as the bank's creditor (i.e. depositor)."

"Goods and services are exchanged for goods and services. In the proper functioning of economic society, money and credit are simply the instruments—the media—whereby goods and services are exchanged."

In the first two quotations by Professor Taussig the usual contradiction is to be seen. In the first he states that exchange takes place by first selling goods for money, etc., and then in the second he states that money could be done away with, if we were to agree to run a system of credit deposits. The great idea behind these theories

is really the development of financial credit and not the exchange of goods and services based on a real measure of value. It is the confused thinking which the above quotations emphasise that has brought on the world's present troubles.

The economist of National City Bank now goes on to say that the quotations show 'that the key to an understanding of the business organisation as a whole is recognition of the fact that all business consists of an exchange of services. It means that the goods and services moving in trade really pay for each other, and that money as currency plays only a mechanical part.' But we have previously been told that exchange takes place by first selling goods for money, which is 'a regulator,' and that every producer is to get his return in amounts of money. Dr. Ely even goes so far as to say that 'money and credit are simply the instruments whereby goods and services are exchanged.' If Dr. Ely were to place the word 'regulated' before the word 'credit' I should agree. It would clear the air considerably if these adherents of the Gold Standard were to specifically declare what portion of the exchanges constituted services and speculation, and what portion goods. This concealment is the weakness of their whole case. What is money, and who owns it? Is it a gold and silver coinage, currency notes, or unregulated financial credit? If it means the lot, then their conception of money is a monstrous fraud, because the bulk of this so-called money is largely financial in character, and it can have no possible relation to the wealth which is produced annually by the nation, nor can it be instrumental in bringing about an equitable distribution of that wealth.

In the orthodox views so far expressed, it is to be observed that no reference has been made to the great speculation which takes place in primary products, and

in stocks and shares, or to those who inflate capital securities. This omission is all the more remarkable since these operations are financed wholly by credit deposits, and always at the expense of the producer and consumer. But perhaps it is sufficient for us to know that commodities and services pay for commodities and services.

Several authorities agree that a clear and careful description of the modern conception of money is to be found in the following definition given by a distinguished American economist:

"Money is that which passes freely from hand to hand throughout the community in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it and without the intention of the person who receives it to consume it or enjoy it or apply it to any other use than in turn to tender it to others in discharge of debts or payment for commodities."[1]

As one authority has stated, we have in this quotation the essential features of money plainly set forth, 'though, as is frequently the case in economics, particular cases hard to bring within the description may be found. The sting is in the tail.

The foregoing definition of the modern conception of money may be accepted as an authoritative presentation of the orthodox view. It may also be accepted as an authoritative presentation of the unorthodox view, subject to the quality of money being purified. It is not sufficient to say that 'money is that,' since money to-day is constituted of stamped metal coins, currency notes, and bank credit of which about 80 per cent. is of a purely financial nature. How then can money be said to fulfil effectively the functions implied if financial credit can be borrowed only by those possessing eligible securi-

[1] *Money, Trade, and Industry*, p. 4, by F. A. Walker.

ties and agreeing to pay interest thereon? As it is at present constituted, money can in no sense be the measure of wealth—it can be the measure only of the securities which compose it, and of the objects (the majority of which are financial in character) which it may be called upon to finance. In other words, everything depends not only on the uses to which our present so-called money is put, but also upon its construction, and in order that these aspects of the question may be the more fully appreciated I shall discuss them further in the Chapter which follows.

To conclude. What bankers and adherents of the Gold Standard should learn is this: If the world problem is to be satisfactorily solved, there must be a definite limit to the amount of financial credit (known as bank money or credit deposits) which banks can create in relation to actual standard currency. The only sound currency, and the cheapest, which any nation can possess, is the annual wealth which that nation produces—it is its income for the year; and it is only through the equitable distribution and consumption of this wealth that employment can be maintained at its highest point, and excess and defect eliminated.

And last but not least, what monetary reformers should also learn is this: Beyond evolving a correct measure of value which necessitates an effective control over the expansion of financial credit but not of currency—due regard being paid to quality—it is not possible to effect social reforms through monetary mechanism, which should at all times be kept free from political control. Monetary mechanism, if properly adjusted and not subsequently tampered with, is the one and only sheet-anchor which the people can possess against extortion and excess. Though the measure may be but a numerical expression, it would be sufficiently powerful to prevent excess and defect; and for this reason a perfect and just measure

should be regarded as the most valuable of all public treasures. It should at all times remain a righteous conception. And all violations of it should be regarded, as it was in Scripture, as sin and iniquity. Otherwise, Scriptural teaching has no meaning.

I should also like to make it clear that my criticism of the monetary system as constituted is in no sense meant to cast a reflection upon those who are honourably engaged in its administration. The criticism is confined to the construction of the mechanism and the quality of money generally; and to the greed, selfishness, worldliness, and absorption in gain that are practised by those who are not honourably engaged in the profession. As an instrument of exchange money is as indispensable as the yard tape, weights and measures, ships or railways. But unlike the latter money as constituted does not render faithful service to the people as a whole. If we buy a yard of cloth or a pound of sugar we know that all of us regardless of person will receive the measure and weight called for. If we buy a railway ticket for Manchester, or a steamship ticket for Cape Town, we know that those of us who can afford to pay for the privilege will be carried to our destination. But money as constituted to-day does not offer the same impartial service, nor does it offer to promote the same distributive justice or equality of opportunity. Only those may buy and travel who happen to be credit-worthy. Thus the objective end which distributive justice seeks to attain through monetary reform, as Scripture and Aristotle have taught, is to promote not only a wide and equitable distribution of wealth but also an increase in the volume of happiness and the virtues so that these may likewise be equitably distributed.

"The rich ruleth over the poor, and the borrower is servant to the lender." (Prov. xxii. 7.)

NOTE TO CHAPTER XI

Since completing the book the U.S.A. Budget for 1934 has been published and it shows a deficit for the year of $7,309,068,211, which, with the exchange at $5.00, equals £1,461,800,000. It is estimated that this deficit will, at the end of the next two years, be increased to £1,861,800,000. The total of the national debt will be raised to $31,834,000,000 on June 30, 1935. This should be compared with the position shown on p. 245.

The Government propose to borrow $10,000,000,000 to cover the deficit, recovery measures, and monetary obligations, and the new borrowing ($6,000,000,000) will be equal to £9·6 per head of population.

President Roosevelt states that the Government during the balance of this calendar year should plan to balance the Budget for 1936, including recovery and relief expenditure. His summary of the position for the year ending June 30, 1934, shows the total of the ordinary expenditure to have been $3,045,520,267. Under the heading 'Emergency' the following expenditures are shown:

Public Works Administration	$1,677,190,800
Agricultural Adjustment Administration	103,250,000
Farm Credit Administration	40,000,000
Emergency Conservation Work	341,705,600
Reconstruction Finance Corporation	3,969,740,300
Tennessee Valley Authority	19,000,000
Federal Land Banks	52,350,000
Federal Deposit Insurance Corporation	150,000,000
National Industrial Recovery Administration	4,250,000
	$6,357,486,700

The grand total is therefore $9,403,006,967.

The President asked Congress to appropriate a further sum of $1,166,000,000 for 'certain additional expenditures for 1934 which are not included in the Budget estimates.' Against these expenditures various Governmental agencies have loans outstanding, with a book value of $3,558,516,189, against which collateral or assets have been pledged.

CHAPTER XII

THE DEFINITION OF WEALTH AND THE MEASURE OF VALUE

In my previous works I have defined wealth as income and not capital. I have said that if capital produces an income it may be termed a capital asset, and that if it produces a loss it may be termed a capital liability. When we talk of the wealth productive power of the country we talk of the wealth which the productive power of the country is capable of creating with the aid of labour and management. The wealth produced in the year is thus the income for the year, it is in fact the annual wages fund, and it is with a method for bringing about an equitable distribution of this income that we are primarily concerned. Productive power is capital; and securities of all kinds, which are mostly debts, are considered to be a form of capital, but they are merely investments; nevertheless, the above argument relating to capital equally applies to securities. Thus the working population should be more interested in means for bringing about a more equitable distribution of the annual wealth produced, than in a distribution of the means of production, which really cannot be distributed and are best left with their present owners.

We have seen in Scripture that all wealth, which is income, was intended to constitute a wealth-currency,[1] which alone could establish price-values, and help us to buy without price. When wealth is in process of barter it is in fact currency to the possessor. All that is needed

[1] See economic system outlined, pp. 188–91.

to facilitate exchange is a yard-stick of value, a numerical expression or middle term, to measure the volume of wealth which one may equitably give of one thing in exchange for another. This yard-stick of value should not be a commodity but a representative note. We establish 'price' when we employ the limited supplies of gold and silver alone as currency, and when we attempt to employ them as measures of value, which they never were, and never could be.

Wealth therefore does not consist in a paper currency mainly covered by Government Securities, and partly by gold and silver. Such a currency very definitely limits the barter or distribution of wealth, and represents no interest but its own—namely, the credit lending industry. The present system restricts the issue of currency, but not of credit. The Central Reserve Standard aims at restricting the issue of credit, but not of wealth-currency.

Where a monetary system is based on a theoretical or actual metallic standard, it can have no direct relationship to the mechanism employed in wealth production and distribution; nor can it be said that the monetary units of such a system facilitate the production and distribution of wealth. Neither directly nor indirectly do they facilitate the barter of goods and services, and it was never intended that they should. If they do so to a large extent to-day, it is by accident and not by design. It would be a bad day for those who control the shekels if a large measure of consumption did not take place. It would not be possible to continue the present illusions.

If the measure of the quantity of wealth be the quantity of wealth, and if the measure of the quantity of money based on a theoretical metallic standard be the quantity of such money, then it is obvious that the quantity of this money, which is mostly in the nature of credit, can at no time be the measure of the quantity of wealth, parti-

cularly if we bear in mind that approximately 80 per cent. of the monetary units of to-day are employed in financing securities of all descriptions.

The primary functions of a monetary system should be, firstly, to finance consumption, and secondly, to finance capital requirements of an eligible nature. But this objective policy cannot be realised unless the commercial system of banking is definitely separated from the financial system; for the commercial system alone, freed from the domination of the financial system, can allow wealth to be the measure of wealth, which measure only will permit wealth to be more equitably distributed. In such a system only will it be possible for those who depend upon distributive justice for a living to obtain it.

The interests of those engaged in the art of money-getting, the acquisition of riches and possessions, can at no time be identical with those engaged in the development of productive power, which is service power. The scientist and the engineer through productive power serve humanity, but those who operate the banking and financial systems as constituted quite definitely do not.

As Aristotle has explained—'plants are created for the sake of animals, and all other animals for the sake of man; the tame for our use and provision; the wild, at least the greater part, for our provision also, or for some other advantage, as in order to furnish us with clothes, and the like purpose. Since, therefore, Nature makes nothing either imperfect or in vain, it necessarily follows that she has made all these things for the sake of man,'[1] to which I should add that Nature did not intend the distribution of her bounty to be restricted to, or monopolised by, that part of the population not exceeding 4 per cent. which is engaged in the art of money-getting.

Money is not wealth, and if this truth could be realised

[1] *Politics*, Book I, Chap. VIII, p. 19.

by the people, it would be very helpful. Gold and silver to the extent of their value can certainly be used as a medium of exchange; but so can wheat, butter, eggs, potatoes, or cheese. But no one commodity can be the standard and measure of value, because, quite obviously, the lesser cannot be the measure of the greater. To get over this difficulty the bankers invented financial credit, which they pyramided on the precious metals, in the hope that it would be regarded as money, or as a substitute for it. They have succeeded in creating the illusion, hence the world's present difficulties. Well did Isaiah say: 'Come ye to the waters . . . come buy . . . without silver and without price.' And well did St. Paul say that 'the love of money was the root of all evil.' If we bear in mind that money to him meant gold and silver, circulating as coin, or as treasure, the true inward meaning of his declaration will become the more apparent.

A wealth-currency note alone can satisfactorily express the price-value of wealth in the process of purchase and sale. Being a representative note it is the only true measure of value. It is useful only for what it will buy. It should be a numerical expression only, or middle term, and worth nothing in itself. A yard-tape is inexpensive, and when a salesman has measured a yard of cloth he lays it aside because it has no further interest in the transaction. In the promotion of distributive justice the yard-tape is indispensable. A £ note should represent 240 pence worth of effective purchasing power, divisible with the aid of token coins, but after the price-value has been determined it should likewise have no further interest in the transaction. It should be simply a numerical expression, and it should not be placed in the privileged position of determining price without regard to value. But to function properly in this way all wealth-currency notes should be fully representa-

tive, that is, though inexpensive to print, they should be fully covered by eligible commercial bills, thus ensuring that they will be the equivalent of the wealth which they seek to exchange or barter in the market-place. In this way only will people prefer them to goods and services, which preference alone will promote an active circulation of the currency (measures), and an equitable distribution of wealth.

For the purpose of defining the measure of value and its function more clearly let us take a simple argument, and exclude for the moment all questions relating to the fertility of the soil and climatic conditions. Let us assume that it took six men a whole year to produce a hundred quarters of wheat, and that it took six men a whole year to produce a hundred tables, then obviously a hundred quarters of wheat would be the equal in value of the hundred tables. If the tables could be produced in six months, then they would be worth only half the value of the wheat. It will thus be seen that the price-value of the wheat and of the tables is determined by the labour cost of producing them, plus all materials used in the production and overhead expenses. The price-value of commodities and manufactures in general, even of houses, will be determined in this way. But as labour works for food the ultimate determining factor must be food, for at starvation point all values disappear. The division of labour, and its stability, is thus one of the essential considerations.

It follows from the foregoing argument that the true measure of value cannot be anything more than a numerical expression, because a numerical expression is not able to impose restrictions of any kind upon the barter of goods and services, or upon the distribution of wealth, owing to our inability to reproduce it. We can put into circulation as many as may be found necessary, and practically without cost. The true measure is similar

in all respects to the yard-stick or tape-measure, and equally inexpensive to produce. But though the measure of value may be numerically expressed as 240 pence worth of purchasing power in the form of a £ currency note, which equals 240 pence, nevertheless it should be covered to the full extent of 100 per cent. by wealth at the Central Reserve Bank, so that it may become a representative note, and be freely acceptable in the process of exchange as a representative of value, i.e. of the wealth on which it should be secured.

Metallic money, theoretical or otherwise, cannot be made a true measure of value, because money of this character, since it represents one or both of the precious metals (gold and silver), must necessarily limit the number of barter transactions that could take place in the course of trade. There can be no relationship in costs between the precious metals and *all* other commodities. Hence the precious metals could not by any stretch of imagination be made the equal in value of all the other commodities capable of being bartered. Weight is the measure of weight. Quantity is the measure of quantity. But as the weight and the quantity of production cannot circulate as money we have to use a representative note, and this, being a numerical expression, can be equated with weight and quantity.

When an attempt is made to use metallic money, theoretical or actual, as a measure of value, it must necessarily destroy the relationship in labour costs which already exists between commodities in general, as is indicated in the case of the wheat and the tables above mentioned. It does in fact establish the doctrine that labour has no value, that labour is not entitled to the value of the energy and effort which it has expended in producing anything, but only to the metallic money value which it may receive in exchange therefor, or to the necessaries of life which this metallic money may com-

mand in the market-place. In this case the soul of man will count for nothing. It will be treated as being of so many fractions of a horse-power in the economic machine. If the metallic money be scarce the necessaries of life obtainable will be limited; but even at the maximum available it could never be made the equal of the actual labour energy and effort expended in production in any one year.

"They shall cast their silver in the streets, and their gold shall be removed: their silver and their gold shall not be able to deliver them in the day of the wrath of the Lord: they shall not satisfy their souls, neither fill their bowels: because it is the stumbling-block of their iniquity." (Ezek. vii. 19.)

Many people have assumed that value is determined by the exchangeable value which one commodity may have in relation to another, that is, by a relationship. But as I have indicated there can be two relationships —one in labour cost, and one in metallic money. When money is based on a metallic standard, the price of a commodity, or commodities, is determined by the volume of the limited currency that may be in circulation; if it is a limited circulation the price will be low; if it be reduced in volume the price will be lower still; but if it be increased in volume the price will move upwards to its point of equilibrium. In such a system therefore the value which one commodity may bear to another is not determined by its costs of production. As our monetary system is now constituted we may say that the price of an apple is one penny and that of an orange two-pence, but this relationship is expressed in terms of metallic money, and can only interest those who can pay for them in terms of such money. This, of course, is an absurd position, and it has been the cause of the economic and social difficulties which have afflicted the world ever since the days of Moses, and perhaps before. In recent years these difficulties have also been aggra-

vated by the inordinate increase of financial bank credit, now introduced into the monetary system as a substitute for currency, but which can be obtained only by those able to borrow from banks on eligible collateral securities. Thus the existing system only can benefit those who are able to command financial credit, and through this command to control the value of the monetary units which exist. Such a system must obviously impoverish the mass of humanity, since it enables a small percentage of the population to take too much of the 'goods' of this life, and offer too little.

It may be said that owing to the fertility of the soil and climatic conditions one farm may produce more wheat per acre than another. And that one group of men may produce more or less tables of a superior finish or quality. The answer is that such excess and defect will adjust themselves in the price-value of such commodities, and will be the reward, or penalty, which labour will receive, or pay. There can be no absolute equality in the distribution of wealth, but nevertheless it is provided 'that he that gathereth little shall have no lack.' All should have what is necessary for their needs, and none should lack. To which end it is necessary that there should be absolute freedom and equality of opportunity, free from the restrictions now imposed by the intervention of an arbitrary metallic money standard, so that wealth may be equitably distributed. In the chapter on Tithe which follows later it is shown that all who increase their income must contribute a tithe, and this will be one of the compensating factors. On the other hand, the distribution of justice within all actions that concern moral and ethical conduct, must be on the basis of absolute equality.

It is certain that cheques, which merely represent financial credit, are not a proper or legal substitute for wealth-currency, and that financial credit becomes im-

poverished in quality if there be an insufficiency of wealth-currency within the monetary system. Thus my object is to pump more wealth into the monetary system with a view to strengthening it. At starvation point all values disappear, and this applies to the monetary system just as much as it does to the art of living. The more wealth we pump into a regulated credit system with a view to improving the quality of financial credit, the more do we get away from starvation point and heavy taxation.

I will now provide a simple illustration of how wealth-currency would be expanded with a view to promoting consumption and ultimately production. Say I am a manufacturer of woollen suits. I make 1,000 woollen suits of clothes and offer them to a wholesaler for £1,000, but the wholesaler says he cannot buy them unless he is given three to six months' credit. I agree to do so, and I draw a three or a six months' commercial bill on him which he accepts. I take this bill to my bank which discounts it, that is, which gives me a loan against it, and which places the proceeds to my credit as a deposit. Under the Central Reserve Standard my bank is compelled to take the bill to the Central Bank which in turn is bound to buy it in exchange for currency to the face value of the bill. In technical language this is called rediscounting.

What is the result of this transaction? I am paid for my woollen suits and am thus enabled to pay the wages of my labour in currency and thus to produce more clothing and provide steady employment. This confirms the economic truism that labour can be paid, or should be paid, only out of the product on which it may be employed. The currency which I distribute in the form of wages among my work-people enables them in turn to purchase the food they require in addition to goods produced by labour in other manufacturing

industries. And so the currency is induced to percolate generally throughout society, thus providing the people with the means of satisfying their requirements. This method is by no means inflation because the £1,000 which has been added to the currency through the rediscounting of the bill is represented by the 1,000 suits of clothes that have been produced, and when they are finally bought and paid for by consumers the currency will be automatically reduced by £1,000 when the bill is paid off at maturity. Thus it can be said that the currency will be automatically expanded and contracted proportionately with the volume of eligible business to be done.

The system provides an automatic check against overproduction. If a manufacturer produces too many suits of clothes, and cannot sell them, then he would obviously not be able to redeem his maturing bills; in which case the bank would refuse to grant any further facilities until the surplus stock had been sold. Meanwhile the bank has ample security, or should have, to cover it against risk of loss. In fact the system can provide an automatic check against all contingencies, which is as it should be.

The only danger which the system would introduce is that with the expansion of currency to the extent required, and the expansion of industrial prosperity, the lending power of the banks on financial securities would be increased three to four times beyond what it is now. This would promote inflation of capital values and securities of all descriptions, which, if it occurred, would wreck the system. Therefore, my proposals aim at the control of the expansion of financial credit £s, so that we may freely expand sound currency £s without fear of the ensuing consequences. It is for this reason that I urge the separation of the commercial system of banking from the financial system of banking

so that the essential regulations, as provided by the Central Reserve Standard, may be imposed.[1]

These proposals are extremely simple and they aim at the elimination of financial inflation with a view to the development of a scientific system of barter. It is the evil consequences which ensue from the inflation of financial credit that have always prevented the producers and consumers from obtaining their rights. Hence the need for separating the commercial system from the financial system.[2]

The chief merit of the Central Reserve Standard, which is really a symbolic measure of value, is, that it prevents the extremes of injustice. It prevents those in a privileged position from taking too much and offering too little. Many people are saying to-day that a solution of the currency problem will not alone solve all our economic difficulties, but I can say definitely that it will solve the major ones. Many of our present economic difficulties are but the reflex actions which have arisen from the defects prevalent within the monetary and financial systems as at present constituted, which in turn, as I have indicated, are due to the lack of a measure of value. Gold and silver never were measures of value, nor could they be made so.

[1] This overcomes the difficulty which Aristotle and the later economists could not deal with.

[2] The community has yet to decide whether owners of capital assets are entitled to credit, and, if so, to what extent. Because an inordinate expansion of financial credit increases rental values and rates of interest. Such restrictions as it may impose should be vested in the Central Bank, whose business it should be to enforce them. The lower the ratio of credit expansion the less will be the burden of house rents, office rents, and rates of interest, which the community is obliged to carry. Owners of office property and house property could not charge or extort the high rentals they do in times of prosperity but for the liberal financial credit accommodation the owners receive directly or indirectly, either through their property or through the medium of securities representing the property. The same argument applies to land values.

But we cannot formulate a measure of value unless we are prepared to impose definite limitations in each sphere of activity within monetary mechanism as a whole, that is, to draw lines of demarcation between what is good and what is evil, so that evil may be definitely separated from good. All parts of monetary mechanism should be duly proportioned. We have our yard-stick of length so that on the purchase of a yard of cloth the salesman may not sell more, or less, than a yard; we have our weights and subsidiary measures for a like reason. But in the creation of credit there is no distinction drawn between credit £s and currency £s, nor is the proportion which the former may bear to the latter clearly established. All is left to the discretionary power of the banker, which should not be. The banker has also full discretionary power as to the choice of the collateral securities on which he may lend, and his preference to-day is for Government Securities which are debts. Yet it is from within the financial credit system that all the deflationary and inflationary tendencies (extortion and excess) arise.

"Ye make clean the outside of the cup and of the platter, but within they are full of extortion and excess." (Matt. xxiii. 25.)

As I have said on a previous occasion it would be a comparatively easy matter to create an invariable measure of value if it were possible to prevent credit being used as money. In this case all we should have to do would be to ensure that the currency notes in issue were fully covered to the full extent of 100 per cent. by eligible commercial bills, gold, and silver. But it is when we come to introduce credit £s into the monetary structure, and then consider them to be the equal of currency £s, that the problem becomes a difficult one. This difficulty I have overcome, however, by

creating a symbolic measure of value, or Central Reserve Standard,[1] on the following lines:

(*a*) Credit—by giving to the Central Reserve Bank the control of the ratio of credit expansion. This should be fixed at a much lower ratio to currency than exists to-day.

(*b*) Currency—by ensuring that all representative notes are covered by eligible commercial bills, gold, and silver, to the extent of 100 per cent., such currency notes only to be legal tender.

(*c*) Token Coins—that the silver used be of millesimal fineness 925, and that its price as a commodity, expressed in legal tender currency, be stabilised at one-tenth that of a standard gold £, or at a ratio of approximately 40 to 1.

(*d*) Gold—that the price of the standard ounce as a commodity, expressed in terms of legal tender currency, be fixed at a level based on its cost of production as heretofore.

(*e*) Foreign Exchange Rate—that the exchange rate be fixed, and that the right of convertibility of the currency into gold and/or silver shall be at the option of a Central Bank only.

The above Standard would remove all the defects known to exist within existing Central Reserve Systems, and its principles, judging from recent reports, would be willingly supported by those nations employing Central Reserve Systems.

What bankers must learn is this: That the true monetary science, which incorporates a true measure of value, is a science that was designed by God for promoting an equitable distribution of economic justice and wealth. It was designed to control and deal with all the actions of human beings in relation to wealth. It was designed to facilitate the multiplication of wealth by the conversion of natural materials to the service of mankind. It was designed to bring about a more equitable distribution of wealth, and to the end that

[1] For the benefit of those who desire to study the technique of Monetary Science, I have included full particulars of this Standard in Chapter XV.

there should be no poor within our gates. A bank should not be a privileged organisation bound together by the Joint Stock Companies Act primarily for the purpose of earning interest on financial credit, but it should exist for the purpose of facilitating the transfer and hypothecation of wealth subject to the exclusion of usury and to the laws of life and good. When bankers violate this rule they commit transgression and sin. I am now giving the Scriptural law in this matter.

God has provided us with an age of plenty. He has answered our prayers by providing us with an abundance of the necessaries of life. Yet the kindlier and more abundant nature becomes the poorer its people become. The greater the productive power of machinery, the more unemployment, destitution, and poverty increase. There is no greater paradox. Economists say that this abundance is over-production, and efforts are being made to curtail it, yet all nations suffer from acute unemployment, destitution, and poverty. Over-production of wealth exists simply because there is an insufficiency in the effective means of payment—namely, currency. Yet for what purpose was the world's potential productive power created? Was it created for the sole benefit of those who control the money industry? God forbid!

Financial credit is no substitute for standard currency through which alone is it possible to bring about a more equitable distribution of wealth. Cheques drawn on bank deposits, which equal credit, do not circulate, but currency does circulate and is labour's chief mode of payment. Thus when currency is scarce wages and prices are low, and the distribution of wealth is restricted. The currency should be permitted to measure the volume and price-value of the commodities and services that are bought and sold; and it should act as a numerical expression, or middle term, only. This fundamental truth should not be overlooked, yet it is, simply because

credit is convertible into currency, and currency into credit, without regard to relative values and proportion.

Currency is the wage-earner's credit and medium of exchange, and he pays no interest for its use. And it should be borne in mind that there are many more people without bank accounts than there are who have, and to those who have none, or who have no eligible collateral on which they may borrow, the banking system as constituted is a closed corporation. They have no access to it. The only access the poor have to it is through the currency. The more we can produce the more we can divide, but we cannot divide until we provide.

If all depositors were to demand the conversion of their deposits into currency at one and the same time it could not be done. Not more than 10 per cent. of the deposits could be so converted. It was this inability of the banks to convert which led to the suspension of the Bank Charter Act on the outbreak of war, August 1914. The banks could not meet the demands of their depositors for currency to the extent required. No existing banking system could be carried on if all deposits had to be converted—and so long as the banks can retain the confidence of the public in the quality of their credit units, this ought not to be necessary—but the incident is mentioned in order to show the importance of the currency factor. There should be a much larger proportion of currency to deposits than exists. Evidence of this is to be found in the recent American banking crisis. Though the banks were literally bulging with credit deposits (£7,500,000,000 in all) yet the banks had to close their doors because they were starved of currency. During the time the banks were closed depositors were offering cheques at a substantial discount in exchange for goods, services, and currency, while the actual currency notes commanded

a premium. Which proves, if proof is needed, that credit £s have not the same quality as currency £s.

Wealth then is made up of the manufactures and agricultural produce that are produced in the course of a year. What the nation produces in a year is its national income—it is, in fact, the wages fund—and out of this income only is it possible to pay wages to those who labour on a scale sufficient to enable them to procure the necessaries of life and maintain a decent standard of living. Wages should be paid out of the product on which labour is employed, and only a scientific barter system can ensure of this being done. The wages payable to labour should not be determined solely by the limited quantity of theoretical gold currency available, which, being limited, necessitates the deflation of prices and wages. If this limited form of currency has to do the maximum amount of work possible it obviously follows that producers have to take less in prices, and labour less in wages.

Thus we see that under the latter system prices are determined by the amount which the holders of currency can afford to pay. If the currency is made scarce, prices will be low. But if the issue of currency could be made proportionate to the volume of eligible business to be done, prices should at least cover costs of production with all inflationary and deflationary tendencies removed.

It is not only unscientific but also unjust to allow a contraction of sound currency to take place merely because the monetary authorities at times mistakenly believe it to be necessary, for such action obviously necessitates a contraction of consumption and ultimately of production, out of which defects poverty and destitution arise. The only alternative is to insist upon the adoption of the Central Reserve Standard which avoids the defects referred to, and provides for the control of financial credit by direct action.

In a scientific barter system, which the Central Reserve Standard exemplifies, prices would be determined solely by the volume and cost of production, and the consumptive power of the market. Prices would tend towards lowest cost. Speaking generally, supply and demand should be contemporaneous. One should not precede the other, otherwise stability could not be promoted. In detail, there would be exceptions to the rule.

To produce without providing for consumption is unprofitable and the height of folly. In biblical terms it is 'foolishness.' Production is service power, or should be; but this conception cannot be fully realised until the people are able to buy to the full extent of their needs.

NOTE TO CHAPTER XII

As I believe that an age is fast approaching when labour will no longer be a burden, when leisure will be equitably distributed, and when a knowledge of all that is good and beautiful will be sought for solely for the sake of that knowledge, I have taken advantage of the space here available to insert the following extract from Josephus, since it bears on the subjects under discussion in this chapter:

" God said, ' I had before determined about you both, how you might lead a happy life, without any affliction, and care, and vexation of soul; and that all things which might contribute to your enjoyment and pleasure should grow up by my provision, of their own accord, without your own labour and pains-taking; which state of labour and pains-taking would soon bring on old age; and death would not be any remote distance: but now thou hast abused this my good-will, and hast disobeyed my commands; for thy silence is not the sign of thy virtue, but of thy evil conscience.' " (*Josephus* (Whiston), Vol. I, pp. 71–2.)

CHAPTER XIII

TITHES

In Scriptural teaching it is not stated that the rich man shall be made poorer in order that the poor man shall be made richer. The nearest approach to this is to be found in Exodus xvi. 18, where it is said 'that he that gathered much had nothing over, and he that gathered little had no lack.' Under the most scientific system conceivable it would be necessary to make the rich man richer if we are to make the poor man richer. Certain men have greater ability than others and would be bound to come off best in the conduct of business. In Scriptural teaching, however, the compensating element is the Law of Tithe. All are expected to contribute a tithe of their increase in any year, that is, to contribute a tenth part of the surplus of their net income remaining after deducting their expenditure for the year. At the present time rich men contribute a very much larger proportion than this to the service of the State, but as many rich men acquire their riches through speculation and gambling, and because of their access to credit, the heavy taxation imposed on them is not altogether unjust. In so far as it concerns the legitimate producer, heavy taxation is, of course, a handicap, but this will no doubt be corrected in due time.

The payment of tithe in kind is obligatory under the Law of God, and payment in money is optional to the tithe payer. Peace offerings and any additional contribution over tithe may be offered at the will of the contributor, and in no way can be made compulsory.

The Commandment is 'Thou shalt truly tithe' each year, and make a final adjustment at the end of every third year.

"And if ye offer a sacrifice of peace offerings unto the Lord, ye shall offer it at your own will." (Lev. xix. 5.)

Conscience will accuse and not excuse. Under present conditions the Law of Tithe would seem to be covered by the weight of taxation now imposed by Government. But a large part of the heavy taxation now borne by taxpayers is the result of the defects prevalent in the monetary system, and is thus a consequence of transgression and sin.

It may be said, however, that the imposition of taxation is the result of a majority agreement on the part of the governed, and the agreement to pay can thus be termed a voluntary act; but there are many legislative acts which are unjust, and which cannot be said to be the result of a majority agreement, such as the Tithe Rent Charge. Under this Act the payment of tithe in kind has been converted into a legal obligation to pay in money, without option to the tithe-payer to pay in kind. Under the present monetary system, therefore, if the payment of tithe in money is to be made to conform to the spirit and intent of the original Law of Tithe in kind it should not be made payable out of capital if a loss has been made, and failure to pay tithe in money in any year should not justify the sale of a farmer's stock and chattels, nor, alternatively, the placing of a lien on his property, unless he has refused payment in kind. The defence of Queen Anne's Bounty, which acts for the Church of England in this matter, is an extremely feeble one. In a pamphlet which it has issued recently it makes the following statements:

"The State has regulated its payment, but nothing done by the State could alter the origin and nature of tithe as a gift. It was not a civil creation, not a tax, not a national grant. It was never a part of the public funds, and never was a public source of revenue. It was the free-will offering of Churchmen. Land was then the only form of investment for gifts.

"Parliament first came into existence in 1265. The effect of Statutory law has been to protect all rights which had been recognised for centuries, both secular and religious. The laws of England made recoverable what had been admitted as rights when there were no laws. In the matter of tithe, Parliament practically said, 'You have inherited or bought this land with the Tithe Rent Charge upon it. If you bought the land you consequently paid less for it. If you inherited it, you inherited only the land with a Tithe Rent Charge on it. It is neither right nor just that you should enrich yourself by repudiating a recognised right.' To protect ancient rights is not to impose a tax.

"Rates are payable on tithe, showing that it is recognised as property. If tithe is a tax, then Parliament is taxing what is already a tax.

"In times of National calamity and depression, the Church has always been willing to share legitimate financial difficulties entailed in the payment of the Tithe Rent Charge. The amount of the Annual Tithe Rent Charge is small in comparison with the total expense of working a farm, therefore depression is not due to the existence of tithe."

The above arguments advanced by Q.A.B. in defence of its position are quite misleading. If tithe was originally "the free-will offering of Churchmen, and if it was regarded as a religious duty," as it should be, then tithe would still be a gift and not a property possession. A gift to be a gift must be a free-will offering, and according to Scriptural teaching it should be at least equal to a tenth part of the donor's increase in wealth for the year. But, as the Church admits, 'as the custom of giving tithe developed the decrees of Church synods were endorsed by Anglo-Saxon Kings. Thus a civil sanction was added to the already existing ecclesiastical sanction.' So that in order that the free-

will gifts might become a constant source of revenue they were converted into legal obligations whether they were earned or not. But it will be observed as the argument develops that prior to 1836 tithe was payable in kind and not in money.

The Church is correct in saying that 'Tithe was not a civil creation, not a tax, not a national grant.' But it can be said that it was an imposition. The Church also states that 'in times of National calamity and depression that it has always been willing to share legitimate financial difficulties entailed in the payment of the Tithe Rent Charge.' And then it proceeds to say that 'Tithe is small in comparison with the total expense of working a farm, therefore depression is not due to the existence of tithe.' But this is not the point. If tithe is to be paid out of capital, no matter how small the sum may be, it is in fact a tax on capital and not on profit, and the Church has no right to be in this privileged position. It is quite contrary to Scriptural law.

The other argument used by the Church to the effect that when farmers bought their land they 'paid a less price for it in consequence of its being chargeable with tithe' is not a valid one, for the simple reason that if the land does not produce an income it becomes a capital liability and not a capital asset. In this case nobody would take the land as a gift if the amenities of country life were excluded. The Church is arguing here 'that he who gathers little' will gather less still, which, of course, is wrong. It is making the 'outside of the cup and the platter clean, while inside they are full of extortion and excess.'

The following quotations embody Scriptural law:

"Thou shalt not follow a multitude to do evil; neither shalt thou speak in a cause to decline after many to wrest judgment.

Keep thee far from a false matter: and the innocent and righteous slay thou not: for I will not justify the wicked." (Exod. xxiii. 2, 7.)

(1451 B.C.)

"Thou shalt truly tithe all the increase of thy seed, that the field bringeth forth year by year. And thou shalt eat before the Lord thy God, in the place which he shall choose to place his name there, the tithe of thy corn, of thy wine, and of thine oil, and the firstlings of thy herds and of thy flocks; that thou mayest learn to fear the Lord thy God always. And if the way be too long for thee, so that thou art not able to carry it; or if the place be too far from thee, which the Lord thy God shall choose to set his name there, when the Lord thy God hath blessed thee; Then shalt thou turn it into money, and bind up the money in thine hand, and shalt go unto the place which the Lord thy God shall choose: And thou shalt bestow that money for whatsoever thy soul lusteth after, for oxen, or for sheep, or for wine, or for strong drink, or for whatsoever thy soul desireth: and thou shalt eat there before the Lord thy God, and thou shalt rejoice, thou, and thine household." (Deut. xiv. 22–26.)

(760 B.C.)

"Bring no more vain oblations; incense is an abomination unto me; the new moons and sabbaths, the calling of assemblies, I cannot away with; it is inquity, even the solemn meeting. Learn to do well; seek judgment, relieve the oppressed, judge the fatherless, plead for the widow. Come now, and let us reason together. Thy silver is become dross, thy wine mixed with water. Every one loveth gifts, and followeth after rewards: they judge not the fatherless, neither doth the cause of the widow come unto them." (Isa. i. 13–23.)

(740 B.C.)

"Woe unto them that decree unrighteous decrees, and that write grievousness which they have prescribed; To turn aside the needy from judgment, and to take away the right from the poor of my people, that widows may be their prey, and that they may rob the fatherless!" (Isa. x. 1, 2.)

(445 B.C.)

"Also we made ordinances for us, to charge ourselves yearly with the third part of a shekel for the service of the house of our God; For the shewbread, and for the continual meat offering, and for the continual burnt offering, of the sabbaths, of the new moons, for the set feasts, and for the holy things, and for the sin offerings to make an atonement for Israel, and for all the work of the house of our God." (Neh. x. 32, 33.)

"And the priest the son of Aaron shall be with the Levites, when the Levites take tithes: and the Levites shall bring up the tithe of the tithes unto the house of our God, to the chambers, into the treasure house." (Neh. x. 38.)

(397 B.C.)

"Will a man rob God? Yet ye have robbed me. But ye say, Wherein have we robbed thee? In tithes and offerings. Ye are cursed with a curse: for ye have robbed me, even this whole nation. Bring ye all the tithes into the storehouse, that there may be meat in mine house, and prove me now herewith, saith the Lord of hosts, if I will not open you the windows of heaven, and pour you out a blessing, that there shall not be room enough to receive it. And I will rebuke the devourer for your sakes, and he shall not destroy the fruits of your ground; neither shall your vine cast her fruit before the time in the field, saith the Lord of hosts. And all nations shall call you blessed: for ye shall be a delightsome land, saith the Lord of hosts." (Mal. iii. 8–12.)

In the oldest Hebrew legislation sacrificial gifts to God (firstlings and first-fruits) were provided for: but apart from the consecration of the firstlings, which was imperative (Exod. xxii. 29 *et seq.*), the amount was not fixed. In Deuteronomy (xiv. 22 *et seq.*), however, the tithe, or tenth, of corn, wine, and oil is required year by year in addition to the firstlings of the herds and the flocks. In the event of the central store-house being too far away for the producer to deliver in kind, it was permissible for him to convert his tithe in kind into money and offer this. It was also permissible for those

who were not producers to contribute their tithes in gold or silver. At the end of every third year, the end of the accounting period, all were to renew the whole of their increase in prosperity, and to make good any deficiency in the tithe payments made in the preceding years.

"When thou hast made an end of tithing all the tithes of thine increase the third year, which is the year of tithing, and hast given it unto the Levite, the stranger, the fatherless, and the widow, that they may eat within thy gates, and be filled; Then thou shalt say. . . . I have not transgressed thy commandments, neither have I forgotten them." (Deut. xxvi. 12–13.)

The objective purposes of tithes (Neh. x. 31 *et seq.*), of which there were three, were (1) to make atonement for Israel, and to acknowledge that all wealth came from the hand of God; (2) to maintain the service of the House of God, (3) to maintain the poor. The Levites were not to share in the inheritance of Israel, but they were to be maintained by Israel. And the priests were to share with the Levites, and they also benefited from the minor tithe contributed for the services of the House of God. The payment of tithe apart from the minor tithes, was never to be regarded as a legal obligation, but as a moral duty. It was to be regarded as an act of worship—an acknowledgment that all comes from the hand of God. The minor tithe for the service of the House of God was made obligatory by ordinance, but this was subject to voluntary agreement. In modern practice it would be subject to a democratic vote. In Malachi iii all the tithes were to be concentrated at the store-house, but at this time the Levites had fallen from grace because they did not seek knowledge and understanding. Whatever happened the people were exhorted to continue to worship God in accordance with the Laws, Statutes, and Commandments,

and to continue to pay their tithes as an acknowledgment that all comes from the hand of God.

Under Gentile forms of government the tithe appears to have been a common form of tax upon the produce of the land or other revenues for civil as well as for sacred purposes, and until recently it formed an important element in the fiscal system of Mohammedan countries. Mr. P. W. Thompson, M.A., states that the tithe seems to have varied in different countries, between one-tenth, as in Greece, and one-sixth, as in Egypt; and that the choice of these fractions was divine and not human.

The payment of tithe in Great Britain originated as a Christian duty, that is, a free-will offering, but eventually it became a legal duty. The conversion of this moral duty into a legal liability has likewise been enforced by the Christian nations of Europe at different times. British farmers, conforming to Christian teaching, rendered one-tenth of their production to their Bishop or monastic bodies whether such production was carried on at a profit or not. In course of time the Church and monastic bodies became wealthy and prosperous from such contributions, as one would expect. In England the earliest example of legal recognition of tithes is, according to Seldon, a decree of a synod in 786, but even as a legal obligation tithes were payable in kind. This practice continued until 1836,[1] when the Tithe Commutation Act substituted payments in money for payment in kind, owing to the objections raised by tithe payers and the consequent difficulties that arose of enforcing payment in kind. Lord Ernle, a great agricultural authority, quotes the case of a Hampshire farmer who gave notice to the tithe-owner that he was about to draw a field of turnips. When the tithe-owner's

[1] Until this time the Church had tithe-barns scattered about the country for the collection and storage of tithe in kind.

servants, horses, and waggons had come on the land, the farmer drew ten turnips, gave one to the tithing-man, and said he would let his master know when he drew more. This farmer's attitude was no doubt due to the fact that he regarded the payment of tithe, even in kind, as an onerous burden when no profit was being earned in terms of gold money. The country had then a rigid gold standard system. The eventual substitution of payment in money, for payment in kind, altered the whole religious character and aspect of tithe proper. It is not necessary to enter into the details of the Act of 1836, but only to discuss the broad principles involved.

After the coming into force of the Act of 1836, all tithes were payable by equal half-yearly payments, each 1st July and 1st January. A tenant paying the tithe (known as rent charge) was allowed to deduct the amount from the landlord's account. The charge ultimately fell upon the landowner. By the Rent Charge Recovery Act of 1891, the landlord was obliged to assume responsibility for the payment of the tithe. Thus what was originally a Christian duty has become a legal duty, subject to the process of ecclesiastical law, such as right of distraint, etc., for non-payment. And writs are now issued to enforce payment, even although losses have been made on the year's trading—yet we have been exhorted not to oppress one another. In other words, payment of tithe in money has become an oppressive legal tax, instead of being allowed to continue as a moral obligation in kind to God. The heart and soul of the original idea has been extracted and killed.

Since 1925 Ecclesiastical Tithe has been vested in Queen Anne's Bounty, perhaps to enable the Church Authorities partially to escape the odour associated with the present form of collecting tithe, which, by various amendments of the law, has been converted to a fixed

money charge on the land. Though it is difficult to appreciate why tithe should be constituted an article of possession since the spirit of tithe is a free-will offering, or an act of worship. The position to-day is that in cases where Queen Anne's Bounty think that a distraint would ruin the occupier, and so drive land out of cultivation, they are obtaining orders for payment from the County Court and registering them as charges against the land. This means that if ever the land becomes of any value and is sold, the whole arrear of tithe will have to be paid before the mortgagees, or the owner, get anything.

A large number of occupying owners are to-day practically farm bailiffs; what does not belong to the tithe-owner, belongs to the mortgagee. The nominal owner is allowed to remain on the farm because the mortgagee and the tithe-owner are not prepared to farm the land, but as soon as the land becomes saleable or letable the nominal owner will probably be driven out. This, of course, is a regrettable state of affairs for the Church Authorities to be involved in. In effect the latter are saying that God believes in making all acknowledgments of Him under tithe to be acts of extortion and excess, which is, of course, a travesty of the truth.

If the farmer is to continue to pay tithe out of capital and not out of profits it must prove to be a serious handicap to him. The tithe-owner has forced himself into the position of being a sleeping partner without contributing any capital to the joint venture, and in this privileged position he shares in its profit, but does not share in its loss. The inevitable result of this paradoxical position is that the tithe-owner must in the end drain away the capital of the farmer. If the law decreed that tithe were to be payable out of the profits of farming only, the burden on the farmer would be a comparatively

light one, inasmuch as he has bought his farm subject to the payment of tithe and the Church is correct in saying that he has bought his farm cheaper as a consequence. But even so, the payment of tithe should be an obligation in kind and not in money, and it is to be hoped that it will revert to its original status at the earliest possible moment.

The long legal history of tithe in English law, the gradual alteration of its original intent and purpose by the combined effect of parliamentary legislation and judicial decisions, is certainly not a creditable one; and we need not be surprised, in view of the severe fall that has taken place in the general level of agricultural prices, that it should now leave a strong sense of grievance in the minds of those farmers who are tithe-payers. The raiding of farms by bailiffs to enforce the payment of tithe, and the sacrifice of the stock and produce involved because of the absence of willing buyers, can but leave its mark on rural life, and the prejudice created thereby against the Church may remain for some time to come. That the raiding of farms, and the sacrifice of stock and produce, should have been done in the name of God is a pity.

In English law tithes were by their nature predial, mixed or personal. Predial tithes were derived directly from the soil, such as corn, hay, beans, peas, turnips, hemp, flax, saffron, rushes, fruits, and wood of various kinds. Mixed tithes were derived from things nourished by the soil, that is, from an increase of animals fed by the produce of the soil, such as cattle, sheep, pigs, and poultry; and in addition all produce for which the latter were responsible such as milk, cheese, butter, wool, pig products, and eggs. Personal tithes were derived from the profits of manual occupation or trades, of which the capture of fish and the milling of flour were two, but these have lapsed with the passage of time. Yet it

should be observed that mixed tithes were payable out of the increase of animals, etc., and that personal tithes were payable only out of the profits of the occupations or trades, and not out of the capital employed in their development.

It is an interesting fact that in the early part of the fifteenth century tithes were known as the 'law of kind' and not as the 'law of money,' and that free-will offerings (the law of kind) were to be regarded by those who made them as an act of worship—an acknowledgment that all comes from the hand of God.[1]

The law of kind is the law of barter, which is an economic law. Religion, therefore, should be concerned mainly with the evolution of an economic system within which it would be possible for us all to follow righteousness, that is, to be righteous in all our acts one to another. And is it not reasonable to suppose that before we can follow righteousness there should be in existence the requisite economic conditions—the means to the end desired? One of these being that labour should have a value in the market-place.

Under a barter system of economy tithes would be payable in wealth-currency, which would in effect be a payment in kind, and it is obvious that a great deal more wealth could be offered than is possible when payment is made in a money that is based theoretically on gold, because the volume of wealth available for distribution must always be infinitely greater under a barter system than would be the case under the non-barter systems permitted by the theoretical gold standard systems. To-day currency is very scarce, and credit is plentiful to those who are credit worthy, that is, who have first-class securities to offer. But there is a very great difficulty in defining what is a first-class security, since, owing to the various financial crises, the classi-

[1] *Monastic Life in the Middle Ages* (Gasquet).

fications vary from day to day. The only security which most farmers can conveniently offer at the present time is the products of their land, but under present monetary mechanisms, agricultural products in times of crises are not acceptable as security for credit. If then the farmer landowner is called upon to pay his tithe during a period of depression, he must sell his products for what they will fetch in currency, and as the latter is scarce he must sacrifice their price-value. This must ultimately lead to extortion and to under-consumption, because, if producers lose money on what they produce they will be unable to buy freely, and they must cut wages and expenditure in their effort to avoid loss. The burden of loss has to be passed on. This is one of the reasons why most producers are impoverished to-day. In the matter of tithe farmers are oppressed, yet we are exhorted 'not to oppress one another.'

Another important point to note is this, that under the theoretical gold standard of to-day most farmers are unable to make their businesses pay, because their products are only worth what they will fetch in a money theoretically anchored to gold. Under the barter system outlined in Scriptural law, agricultural products were to be worth at least what they cost to produce, and were not to be bought and sold by a metallic monetary standard. They were to be bartered freely in the processes of exchange, and this a metallic monetary standard does not permit.

The produce of the land and the flocks and the herds were the true wealth, and all were asked to give tithes of their true wealth in produce and not in shekels of gold or silver. But the tithe could be paid in these metals if the producers lived too far away from the store-house. As already stated, the shekels in those days were bought and sold by weight.

It is said that even in the Middle Ages A.D. the mighty

drew too much unto themselves, thus perpetuating God's Complaint against Israel. This was done by controlling the land and under-paying labour in terms of a silver currency and/or by securing control of the product and then doling it out. The payment of tithe by the feudal lord might have salved his conscience, but it was not adequate compensation.

In view of the original conception of tithe, if land-owners are to-day being impoverished by the monetary standard which exists, the Church Authorities have no right to issue writs for non-payment of tithe, and make the existence of farmers, by seizing their available working capital in the form of produce and live stock, a continual worry. It is a violation of Scriptural law. It is certainly not a Christian act.

Free-will offerings will be gladly made without the need of compulsion whenever the Church assists in getting the existing economic mechanism adjusted in such a way as to conform to the requirements of the broad principles underlying Scriptural law.

"For I the Lord love judgment, I hate robbery for burnt offering; and I will direct their work in truth, and I will make an everlasting covenant with them." (Isa. lxi. 8.)

This applies not only to the present method of enforcing payment of tithe, but to all those who draw more to themselves than they are entitled to, and hope to ease their consciences by making contributions to charity and to the Church. We are called upon not to lay up treasures for ourselves unrighteously on earth, but righteously in Heaven. If we do this no one need want. If we stored up our treasures in Heaven, that is, in accordance with God's Will and Purpose, it would be a bank account on which we could draw at any time should we ever be in want. Let us assume that every man and woman possessed the right frame of mind

and let us further assume that wealth was being more freely and equitably distributed than it is to-day—also bearing in mind that a large volume of wealth is annually destroyed, because existing monetary mechanisms are incapable of distributing all the wealth that is produced —is any Christian man or woman likely to suffer from want, that is, if we all acted in the capacity of stewards of God's wealth? This is the actual economic position we are called upon to consider and decide for ourselves. As every other system has been tried and failed, there is but one answer.

Another aspect of the question is this: If the supply of wealth is to be restricted because of undue expansions of financial credit, or because the volume of currency is limited, then the total of free-will offerings must necessarily be reduced; there will be less for God to distribute as bounty to the poor. In modern times we call this distribution by the name of 'charity,' but in God's great system this word has a limited meaning. In a true economic system it should have no place. Assuming that we had a true barter system of economy, and that the vast amount of wealth which we now erroneously call 'over-production' could be distributed through a scientific monetary mechanism, then obviously the people would benefit generally, and there would be less unemployment. We should all be richer, and able to help one another more in real wealth. It would be a privilege and a duty. When we reach this stage, as we shall in due time, there will be less need for excess taxation, and mankind will be happier as a consequence.

It is a most pitiable sight to see our churches to-day begging for charity in money, in order that they may be able to maintain their clergy, and, in a limited way, to feed the poor. By perpetuating the existing order of things the Church is misleadingly suggesting that God's religion is barren; that it merely demonstrates

how we can feed the soul but not the body. This attitude has led to the destruction of the churches in Russia, and to a mockery of God. A vast number of people elsewhere are openly and freely challenging the validity of Christianity, yet the Old and New Testaments clearly state beyond question that religion should be largely concerned with the development of a righteous materialism.[1]

It is obvious, of course, that the payment of tithe could not be made to-day in the form prescribed in the days of Israel, nor can it be continued in the form demanded by the Tithe Rent Charge Act. If tithe is to be continued as a legal and equitable obligation, it should be spread over all industrial and agricultural trading activity, and paid, like income tax, out of profit only. Tithe is a voluntary gift, and should not be a property possession. Why the law should confine tithe to agriculture alone is not comprehensible. In any event it would be absurd to expect tithe now to be paid in kind, for under modern economic conditions the churches could not be expected to maintain cold storage depots, and large distributing organisations. We must

[1] According to Mr. W. J. Sanderson charity has been so organised and developed, as a means of concealing the defects of the monetary system, partly to make up the deficiency in wages, and to exploit religion as an aid in concealing the true economic situation, that there were in London alone immediately prior to the Great War nine hundred charities distributing food and clothing, and that since that date the number of these charities has been increased.

"When the modern wage became general there was no guarantee that it would keep up to the level of a bare subsistence allowance. In fact, wages generally sank far below this level, until, in 1912, the wages paid to the whole wage-earning population fell far short of the amount necessary to provide that population with the bare necessaries of existence. The balance is made up by private charity and State grants out of taxes. The Tudors made appeals to private charity as a last resort before instituting the Poor Law, which has become an essential adjunct of the industrial system." (*Statecraft*, pp. 91–2, by W. J. Sanderson.)

revert to God's other provision—namely, payment in money, but money in a form that will in effect pay tithe in kind, that will be stabilised in character, that will accelerate consumption, and that will eliminate the disease known as 'over-production.' In other words, such money as we may decide to pay in tribute should in no way diminish the distribution of wealth by any restrictive influences which it may inherently possess, nor the 10 per cent. of that wealth which might have been contributed in kind had the conditions of modern civilisation not ordained otherwise.

The point now to be determined is—Would it be possible by some change of monetary mechanism, incorporating the broad principles underlying Scriptural economic law, to bring about an equitable distribution of wealth, and thus, as adequately as we can, provide for the people's needs day by day, and week by week? It is not only possible, but certain. In view of the vast increase of populations, and crowded cities, unknown in the days of Israel, this course would seem to provide the correct solution. One thing is certain, however, and it is this—that the Church cannot begin to understand the true meaning of Christianity until it understands the elements of Monetary Science.

"Who is wise, and he shall understand these things? prudent, and he shall know them? for the ways of the Lord are right, and the just shall walk in them: but the transgressors shall fall therein." (Hos. xiv. 9.)

"They hate him that rebuketh in the gate, and they abhor him that speaketh uprightly. Forasmuch therefore as your treading is upon the poor, and ye take from him burdens of wheat: ye have built houses of hewn stone, but ye shall not dwell in them; ye have planted pleasant vineyards, but ye shall not drink wine of them. For I know your manifold transgressions and your mighty sins: they afflict the just, they take a bribe, and they turn

aside the poor in the gate from their right. Therefore the prudent shall keep silence in that time ; for it is an evil time." (Amos v. 10–13.)

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Since writing this chapter a judgment has been rendered by Mr. Justice Swift and Mr. Justice du Parcq in the High Court (*vide The Times*, October 14, 1933) in the case of Queen Anne's Bounty *v.* Thorne. This was an appeal from a decision given by Judge Maxwell in the Salisbury County Court. It will not be necessary to state the case as presented by both parties to the dispute, but simply to quote the learned Judge's decision on the two points raised in the appeal, as this will explain not only the case presented for decision but also the reason given for the judgment rendered. Whether the decision is good or bad in law is a matter which is beyond my province, but on the strict economic facts of the case, which I have somewhat outlined in this chapter, the decision would seem to be a bad one. The following is the judgment as rendered:

JUDGMENT

Mr. Justice Swift, in giving judgment, said that he would deal first with the point which counsel had taken first, and which was stated in the notice of appeal as followed:

The learned county court Judge was wrong in law in holding that it was not necessary for the applicants before distraining for arrears of Tithe Rent-Charge to give or leave 10 days' notice in writing at the usual or last known residence of Mr. Thorne as required by the Tithe Commutation Act, 1836.

That point was one of considerable importance, and it was one which he had considered very fully in Warden and Scholars of New College, Oxford *v.* Davison (reported in *The Times*, July 27, 1933). In that case he had formed the opinion that notwithstanding the provisions of the Tithe Act, 1891, it was still necessary, in the protection of the landowner, that before a distress was levied on his goods and chattels he should have 10 days'

notice. He had nothing to add to what he said then on that point; he was unconvinced by the argument of Mr. Singleton to the contrary.

The second point was one of considerable interest, and, so far as he knew, of absolute novelty. By section 81 of the Act of 1836, very nearly 100 years ago, power was given to the person entitled to Tithe Rent-Charge to distrain on the land of the person liable to pay it. So far as he knew, in that period of nearly a century, the question had never been raised as to what goods and chattels might be seized. He supposed that during all that time disputes had been going on from time to time. Occasionally those disputes cropped out vigorously and the attention of the Court and the public was called to them. Even in quiescent times they were liable to occur and it struck him as a most curious feature that that question had never fallen to be decided. There were certain *dicta* which might be cited, on one side or the other, but they did not help him much. The Court had to decide for the first time the question, "What goods may the tithe-owner seize?"

Before 1836 it was agreed that the tithe-owner had no right of distress at all, that was, he had no right analogous to the common law right of a landlord to go in and seize his tenant's goods and chattels for rent. The tithe-owner's rights were clearly confined to the property which rendered the holding liable to tithe. In Halsbury's *Laws of England*, Vol. XI, p. 742, the nature of tithes was defined, and Mr. Miller had told the Court that they went back to Leviticus, but was unable to specify the methods of enforcing payment.

Earlier Difficulties

It was not necessary to go back so far as that; it was sufficient if they went back to 1835, just before the Act of 1836. Then the tithe-owner had no right of distress. He could in certain cases take a tenth of the things called "titheable," and great difficulties arose as to the amount to which the owner was entitled. Such questions as, What was titheable? What was a tenth of it? What was its value? gave rise to disputes. In 1836 an Act was passed for the commutation of tithe in England and Wales, by which, instead of tithes being paid in kind, the rights and liabilities of the parties were commuted, and a money payment calculated according to the provisions of the Act was to be paid.

As the owner was to receive a money payment instead of his tenth part in its ordinary shape, a right of distress was given him, and the whole question was whether it gave him a right to distrain on goods titheable before 1836 or whether it extended to all goods not specially protected from distress. It was to be noted that a distress was the taking of a personal chattel, not a seizure of the land, and therefore a statement that a person should be at liberty to distrain on the land could only mean that he was at liberty to go on the land and seize personal chattels on the land.

Similarly, the power to dispose of the distress must mean to dispose of the goods and chattels seized. He did not think much help was derived from Newnham *v.* Bever (8 C.B., 560, 19 L.J.C.P., 129). Nor was it very important whether section 81 conferred the position of a landlord on the Tithe Rent-Charge owner only after he had seized or before he seized.

He saw nothing in that section to limit the chattels to any particular class of chattels. There were Acts of Parliament which excluded certain classes of chattels from the danger of being seized under a distress. He thought that it was obvious that, when Parliament substituted for the right to take a tenth of the produce a right to receive a money payment and gave a right of distress to enforce it, the person entitled might distrain anything that was on the land and which was not specifically exempt by some statute. In those circumstances he thought that the county court Judge was right on the second point.

Mr. Justice du Parcq also gave judgment, arriving at the same conclusions on each point as Mr. Justice Swift.

In the result the appeal was allowed with costs, leave being given to appeal on both points.

The relevant answers to the points raised by the learned Judges in the matter of distress are as follows: Before 1836 they agree that Tithe was a law of kind and that the tithe-owner was entitled only to one-tenth of what the land produced, whether predial or mixed. There could be no difficulty in determining its value because in the law of kind the question of price does not arise. The tithe-owner was entitled to receive one-tenth of the volume of production for the year, and this could be easily allocated. In the Mosaic Law it was per-

missible for the tithe-payer, if he lived too far from the store-house, to pay in gold or silver as treasure (which was not money in the sense we understand it to-day), and it should be noted that the right of determining whether Tithe should be paid in kind or in gold or silver rested solely with the tithe-payer. This was somewhat the position even prior to the Act of 1836. God was, and is, never unjust in any of His dealings with His people.

In consequence of the severe depression, and the low level of prices, which prevailed between 1817 and 1843, and it was most acute in 1836 in consequence of the deflation of currency and the lack of a true measure of value, the tithe-payers regarded the payment of Tithe even in kind as an onerous burden, and they resorted to all sorts of expedients to avoid payment; the example given by Lord Ernle, and quoted in this chapter, is a case in point. But owing to the privileged position of the tithe-owners, and the difficulty they encountered in collection, they were able through Parliament to have their claim for Tithe converted into a fixed rent-charge payable in terms of gold, with the evil consequences which I have already outlined.

It has been agreed by the learned Judges that before 1836 tithe-owners had no right of distress at all, and this confirms my point of view regarding the law of kind. But the moment the claim for Tithe in kind was converted into a claim for gold, the whole spirit and objective-purpose of Tithe was changed. Instead of being allowed to continue as an acknowledgment that all came from the hand of God—it became a species of property giving the right of distraint to the tithe-owner for his claim in cash. The injustice of this change in the spirit and objective-purpose of Tithe will be apparent. The question whether the farmer received cash for his produce or not was not taken into consideration by the tithe-owner or by Parliament. Cases

have been known where farmers have received in return for their produce only a debit note for commission, railway charges, and expenses of marketing. In these cases it would have been more profitable for the farmers to have destroyed the produce.

After 1836 the tithe-owner became in fact a co-partner with the farmer in his venture but to which he contributed no capital; and he has since apparently claimed the right, which the learned Judges have now confirmed by their decision above, to drain the farmer of his capital year by year until he has none left, and which is essential to him if he is to continue to produce. The subterfuge that has been resorted to by the Ecclesiastical Authorities in the last hundred years to gain this privileged position is beyond description. One is naturally surprised at the judgment that has been rendered, and still more surprised that the authorities of the Church of England should acquiesce in the attitude adopted by Queen Anne's Bounty. Well did St. Paul say 'that the love of money is the root of all evil.'

Tithes are payable in kind only out of the first fruits or increase, and are payable in no other way. And it should be noted that in the original law they were to be enjoyed by the contributors. To make them now payable in terms of money with the right of distraint on the farmer's goods and chattels (capital) is sheer extortion and excess, for how can the farmer continue to produce and offer tithe if his means of production are to be taken away.

There is one more point that has to be dealt with. The learned Judges were of the opinion that a right of distraint on the land presumably meant a right of distraint on the goods and chattels to be found thereon. From a strictly economic point of view this cannot be so, whatever it may be legally. Tithe is payable only out of what the land produces, be it predial or mixed, and

in Scriptural Law it is an obligation. The capital employed in production, in which the tithe-owner claims to be a partner without having contributed any portion of it, cannot possibly be subject to the right of distraint, since in effect it is the property of the joint venture. To allow the tithe-owner as a silent or junior partner to pilfer the senior partner's capital by a process of law is obviously unjust. And much as the authorities of the Church of England may disclaim to the contrary, they cannot divest themselves of their moral responsibility in the matter. They may say that they own only two-thirds of the outstanding tithe rent-charges, and that the other one-third is held privately. But the moral consciousness of the private tithe-owner will be somewhat comforted so long as it feels that the Church has no qualms in the matter.

CHAPTER XIV

THE RESTORATION OF ISRAEL. GREAT BRITAIN AS THE EXEMPLARY NATION, OR IDEAL CHRISTIAN STATE

THE arguments in the previous chapters will have prepared the reader for the inevitable conclusion indicated in the heading of this chapter. Accordingly we shall now proceed to discuss in this and the next chapter the political and economic mechanism that will be necessary to restore Israel to full favour with God. The national and international mechanism required will closely follow the broad principles contained in the summary of the economic system rejected by Israel before 721 B.C., which is to be found in the last chapter of Part I.[1] That Great Britain and her daughter nations are Israel no one can doubt after reading the evidence that has been submitted. She is the only nation with a company of nations in the world to-day, she is present in Egypt and Palestine, and her throne and constitution are the most stable.

"Now therefore, if ye will obey my voice indeed, and keep my covenant, then ye shall be a peculiar treasure unto me above all people: for all the earth is mine: And ye shall be unto me a kingdom of priests, and an holy nation. These are the words which thou shalt speak unto the children of Israel." (Exod. xix. 5, 6.)

"And thine house and thy kingdom shall be established for ever before thee: thy throne shall be established for ever." (2 Sam. vii. 16.)

"For thus saith the Lord; David shall never want a man to sit upon the throne of the house of Israel." (Jer. xxxiii. 17.)

[1] See p. 188.

"In that day shall Israel be the third with Egypt and with Assyria, even a blessing in the midst of the land: Whom the Lord of hosts shall bless, saying, Blessed be Egypt my people and Assyria the work of my hands, and Israel mine inheritance." (Isa. xix. 24–5.)

Though the United States obtained her independence from Great Britain many years ago her people are still a part of the Anglo-Saxon race, and she would be serving not only her own interests but also those of the world in general if she could but see her way to re-establish unity in the race. This she could do, as will be seen later, without losing her independence in any way. Abraham Lincoln provided an excellent moral basis for such a working agreement between the peoples of the Anglo-Saxon race, and ultimately between all nations, as follows:

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the nation's wounds, to care for him who shall have borne the battle, and for his widow and his children—to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

This remarkable declaration is somewhat prophetic, is it not? And it should be observed that it closely follows the Law of God, but we know that Lincoln was a keen student of the Bible. If we ignore Scriptural teaching for the moment, no one can deny that if Great Britain and the United States could both see their way to conclude an economic and political agreement mutually beneficial to their respective peoples, they could dominate the world. But this would be unnecessary because an extremely attractive agreement could be reached to which other nations would be glad to append their signatures of their own free will if given the opportunity—and also without losing their national independence. Under such an agreement the loyalty of

each people to their own narrow national interests would in no way conflict with their loyalty to the wider international interests, for the very simple reason that both interests would be part of one concept; and this is as it should be.

> " He loves his native country best
> Who serves mankind the more."

The new era to come will be one of international social service, with each nation striving to excel the other in such service.

To Great Britain as the exemplary nation internationality should mean harmonious relationships between all nations as separate units, each retaining their complete freedom of action. But before these relationships could be established it would be necessary to conclude a positive moral agreement between all nations, or as many as are willing, however different their racial characteristics may be. And an equitable distribution of the 'goods' or 'virtues' would depend entirely upon whether they were prepared to work for the good of humanity as a whole, or for what they believed to be their own self interests. Unity and peace within and between nations would make a strong appeal to the intelligence, the moral consciousness, and the spirituality of all peoples. These virtues are part of the one great sentiment which all nations have in common, and which all of us should endeavour to confirm and strengthen to the best of our ability. It is a primary and essential need and duty.

There may be some who will still question that the Anglo-Saxon people are the servant people, but to such the following questions may be put:

(1) What nation or race is best situated in the Earth to-day to put into effect the Law of God with a view to establishing the sphere of good?

(2) What nation or race controls or influences a sufficiently large part of the Earth's territory to enable the essential monetary and economic mechanism to be put into practice on a large enough scale to ensure success, and to make any agreement in connection therewith sufficiently attractive to all other nations?

The answers to these questions should help in convincing doubtful minds, 'for by their fruits ye shall know them.'

From the evidence which has been submitted no other conclusion is possible than that the Anglo-Saxon people are the servant people, and that Great Britain is their Mother Country. In the following quotation we shall find that—

"A little one shall become a thousand, and a small one a strong nation: I the Lord will hasten it in his time." (Isa. lx. 22.)

It is to be observed here 'that a small nation shall become a strong nation.' Great Britain is a small nation which has become a strong one, and she is protected from her neighbours by sea coasts. Another important point which has to be taken into consideration is to be found in the following quotation, which obviously confirms all the quotations previously given on the Israel-Judah aspects of the theme:

"And it shall come to pass, that in all the land, saith the Lord, two parts therein shall be cut off and die; but the third shall be left therein. And I will bring the third part through fire, and will refine them as silver is refined, and will try them as gold is tried: they shall call on my name, and I will hear them: I will say, It is my people: and they shall say, The Lord is my God." (Zech. xiii. 8, 9.)

Israel and Judah were cut off—they were two parts—and were to be re-gathered with the third part. God alone knew where the third part was, and when and how the two parts were to be re-gathered from the nations.

As a race they were to remain unknown in the world until the days when they should seek His Face. 'They shall call on my name, and I will hear them: I will say, It is my people: and they shall say, The Lord is my God.' If we accept the world as it is, and allow for the ignorance of the Anglo-Saxon people as to their origin and identity, we can say that no other people have done as much in the service of God as they have:[1]

"Arise, shine; for the light is come, and the glory of the Lord is risen upon thee. For, behold, the darkness shall cover the earth, and gross darkness the people: but the Lord shall arise upon thee, and his glory shall be seen upon thee. And the Gentiles shall come to thy light, and kings to the brightness of thy rising. Lift up thine eyes round about, and see: all they gather themselves together, they come to thee: thy sons shall come from far, and thy daughters shall be nursed at thy side. Then thou shalt see, and flow together, and thine heart shall fear, and be enlarged; because the abundance of the sea shall be converted unto thee, the forces of the Gentiles shall come unto thee. . . . For the nation and kingdom that will not serve thee shall perish: yea, those nations shall be utterly wasted." (Isa. lx. 1–5, 12.)

* * * * *

Let us now consider the political and economic mechanism that it will be necessary to incorporate in

[1] In this connection the following extract taken from *The Times* (January 26, 1934) will be of interest:

"The Archbishop of York, speaking yesterday at the Convocation of York, said it was a real honour for the British nation that it should be able to possess the *Codex Sinaiticus*. With its acquisition, he said, this country would inevitably become the main centre of Biblical study. There was only one other manuscript comparable to the Codex, and those that next followed were already in this country. The study of the Bible had been a great characteristic of the English people, and they all knew what the nation owed to the place that the Bible had held in its education and culture. It was very fitting that Church people should be given, and should take, the opportunity of assisting the authorities of the British Museum to complete their title of ownership to that most precious treasure. Opportunities would be given through the churches to that end."

any national or international agreement. In order to succeed, this mechanism must be able to promote harmonious relationships not only within nations but between nations, for upon this basis alone would it be possible to eliminate armaments and war as the final arbiter in the settlement of international disputes. In the new order of things envisaged, such disputes would be reduced to negligible proportions. From the previous discussions we have seen that the root cause of strife, anarchy, and war, is the maldistribution of wealth within and between nations and the consequential struggle for existence. Several nations believe that this struggle for existence can be settled only by the acquisition of some of the colonies possessed by their neighbours, or by some system whereby their exports shall exceed their imports. Hence where there is envy there is strife. If we could eliminate these mental attitudes, which arise because of the fear of to-morrow, we should at one and the same time eliminate the real cause of war. No nation desiring peace and prosperity, which it could obtain for the asking, would desire war, provided it could be satisfied that a complete new economic system, embodying the requisite working conditions, was available as an alternative choice.

Abraham Lincoln's formula for Democracy was 'Government of the people, for the people, and by the people,'[1] but this really only stated a half truth, for it implied that democracy knew how to establish a government which would legislate for the people as a whole and not for one section of it only; and that the people possessed the requisite wisdom and knowledge to enable them to impose their will. This erroneous belief has been largely responsible for leading the world astray in many directions in recent years. Lincoln failed to

[1] This should have read: 'Government of the people, for the people, through the Law of God.' But it would not be Democracy.

recognise that Democracy could only succeed and prosper provided the people as a whole, and of their own volition, sought to attain the sphere of good, and were not content to exist in a world where good and evil were in conflict; and that for this they required leadership. Lincoln should have taken into consideration his own experience in the course of the Civil War before stating the formula. The preservation of the United States at that time rested solely upon his own conception of what its constitution should be, and after explaining it to the people he obtained his power from them to carry it through.

The utmost a Democracy can do in the World as it is constituted to-day is to resist tyranny and economic oppression wherever these may manifest themselves, but most of the efforts which Democracy has made in this direction have failed, because of its inability to replace the oppressive economic systems under which it has had to live with an ideal conception of what existence should be. In other words, Democracy has not been able to obtain by general agreement an effective control over the affairs of State for the good of the people as a whole, and even though it knows this to be the case, yet it has not been able to explain the precise reasons for its lack of success. Thus the empirical conditions in which Democracy lives must remain, and through the various sectional attempts that are made to remedy these, each according to its own interests, strife and anarchy arise. As soon as the Government of the day fails to come up to expectations, it is removed by popular vote to let in the Opposition, whose economic views are certain to be quite opposite to those held by the Government; and so we see the reason for the world of strife in which we live, and for the dictatorships which have arisen.

Democracy has failed because of the empirical conditions in which it lives and has its being, and because its

concept of life is out of touch with ultimate reality, which can be reached only through the Law of God. As monetary mechanism is constituted to-day nothing can be more misleading than to suggest that sovereign power rests with the people, for all their good intentions can be defeated, unknowingly to them, directly and indirectly, by the power of the monetary machine; and this power in no way harmonises with the Spirit and Power of God which permeates us all, and through which alone is it possible to establish harmonious relationships within a nation and between nations.

The success of democratic government depends on leadership and the concept of national life and international relationships which the people desire that leadership to realise for them; and, as was the case with Abraham Lincoln, it will be found that the origination of such a concept rests solely with leadership which alone can raise the people to its own level, or to any higher level which it may represent. In the world to-day there are many forms of leadership, but though each may succeed within its own country in attaining a measure of success, experience has proved that the leadership of one country is not acceptable to other countries, and the reason for this will be found to rest solely on the fact that the concept of what an ideal State should be is in all countries based on self-interest and self-preservation and not on the Law of God, which alone can offer distributive justice and protection to all nations. But self-interest and self-preservation are not necessarily wrong in the world as at present constituted, so long as it is agreed that the ultimate objective is the establishment of harmonious relationships based upon distributive justice within a nation and between nations. Such an objective would certainly be acceptable to most people, if not to all.

If it be the general desire to make Democracy a success, then the people concerned must decide upon the per-

manent system of government under which they desire to live. They must always have before them the ideal conception of life which they desire to attain, for the conceptions of to-day are the realities of to-morrow. All planning is a process of mind, hence the need for understanding the meaning of Ultimate Reality, and the life God has promised to us if we obey His Laws, Statutes, and Commandments.

Democracy cannot succeed in promoting distributive justice and stability as ideal objectives without the Law of God, and if it continues to permit the existence of several political parties within the State, each possessing an economic policy of its own creation. The Law of God is permanent and unchangeable, and if Democracy desires freedom from extortion and excess, the only way by which it can escape is through the adoption of the Law, and the appointment of leaders prepared to make it effective. Any failure on their part to do so should be a just cause for their dismissal by popular vote at a general election. The economic mechanism necessary to establish the sphere of good cannot be subject to change after having been decided by popular vote, because God's Will and Purpose will by then have become the will of the people—and God's Will is unchangeable.

Democracy has still to find the answer to the question put by Aristotle, namely—'Whether it is best to be governed by the best of men or the best of laws.' It is a difficult question to answer, for Aristotle did not indicate how the people were to be able to distinguish or formulate 'the best of laws.' They have still to rely upon the advice which leadership (the best of men) may tender to them on worldly affairs. In the case of the Law of God the position is different. Here is a law that was formulated in the beginning, that has stood the test of time, and that will pass on to the end

of time. It is the best of all laws. Nearly every home has a Bible, which has been translated into many languages, and all who possess one may read and judge of the Law for themselves. No other work has had such an extensive circulation, or is likely to promote such a wide measure of agreement. Yet Democracy ignores this obvious and ready-made solution which lies to its hand.

A law is a regulation issued by Government, and it can be changed or modified by succeeding Governments. Some political scientists say that the State is legally sovereign, but this statement is not quite correct unless they particularly refer to the common law as administered by the judges in the courts of law. Sovereignty rests in the economic and political concept (will) which the Government of the day may seek to impose on the country as a whole by virtue of its temporary power. But even this needs qualification. Governments may pass monetary laws, but they cannot control monetary policy simply because they do not understand it. The power of the machine as constituted can always defeat the intentions of Government should these prove to be disagreeable to vested interests. Sovereign power therefore does not rest wholly with Governments or Parliaments in so far as it applies to the economic legislation that is vital. It rests largely with those responsible for the administration of the monetary system. The very nature of the democratic political system suggests strife and change, with the result that no one judge can comprehend the whole of existing law, which has no simplicity or stability, and which has passed beyond the intelligence of the ordinary layman.[1]

[1] "Nay, Plato principally imitated our legislator (Moses) on this point, when he enjoined that every one of them should learn their laws accurately." (Josephus, Vol. IV, p. 413.)

"The law commands us to bring children up in learning, and to

Legislation and law are usually concerned with the promotion and defence of legal rights or precedents, which, owing to their nature, are to a large extent divorced from the moral laws. A man does not obtain justice on the basis of what may be morally right, that is, on the basis of the Law of God, but on what may be legally right from a worldly point of view. This is not to say that moral considerations are wholly excluded from legal decisions. On the contrary, they are permitted to enter, but only to the extent at which they do not conflict with what have become known as 'legal rights.' Thus the State, through the actions of its Government for the time being, its courts of law, and its monetary authorities, may be held to interfere with the spiritual and religious life of the community, and this explains the reason why that life is challenged by many people to-day. Good and Evil are made to work together, and be close neighbours. Now the State has no right to impose, knowingly or unwittingly, such a mode of life upon the community as a whole, because by so doing it merely adds to the confusion of thought which now exists in the public mind. Such a life begets hypocrisy, leads to chaos and anarchy, and to the challenge of all forms of constitutional authority.

Under the Law of God 'natural rights' are given to man. But as we have seen, Israel rejected these and sought to impose 'human rights,' and this she has continued to do ever since. Owing to the evil which arose from her action she was dispersed to the nations for a time. Thus if man desires to have 'natural rights,' he must accept the Natural Law with its natural obligations,

exercise them in the laws, and make them acquainted with the acts of their predecessors, in order to their imitation of them, and that they may be nourished up in the laws from their infancy, and neither transgress them, nor yet have any pretence for their ignorance of them." (Josephus, Vol. I, p. 405.)

and these will prove not to be so onerous as those which he has now to accept, with the dreadful fear of to-morrow always lurking in the background. In accepting the natural obligations of the Natural Law man will have all the natural privileges and benefits which go with them, and which for excellence are not to be found in any other known system.

In a democratic State, when one of the political parties gains control of government, and with the laws as constituted, the democratic conception of State ceases to exist, because the Government of the day cannot be said to represent the people as a whole. If the Socialists, for example, were to gain the control of Government to-morrow, they would in all probability trample down many of our laws and customs, and even distributive justice, if these stood in the way of their declared policy, which has not yet been tested by experience. This is not intended to be a condemnation of the sincere effort which they are making to correct the inherent defects of the present economic system, but merely a warning that it would be very unwise to introduce untried experiments when no reasonable assurance can be given that they will prove successful.[1] Such experiments merely introduce a lack of confidence and perpetuate strife and anarchy. All the inherent defects in the

[1] In a speech recently broadcast by Sir Stafford Cripps (November 30, 1933) he made the following statement:

"There are some who say that democracy has failed and is powerless. I do not believe it. The trouble is that we are not giving democracy a chance. Our machinery is too old; it needs bringing up to date. We want a Parliament that can carry out efficiently the will of the people. A truly democratic assembly with full power to control Ministers, directing them and making them do what the people want done. A Parliamentary system, such as we have to-day, is not truly democratic at all."

The inference here is that the present Parliamentary system is not truly democratic because it does not wholly represent the will of the people who support Sir Stafford and his friends. But what is the will of

economic system could be adjusted by general consent and agreement if the correct procedure could be followed. There should be no two opinions as to what this procedure and its objective should be. It is that the people must know what they want, and how to attain it; this, unfortunately, they are not able to determine in the present order of things, for the simple reason that they do not know what they really want or how to improve their position. They are obliged to trust their leaders to do their thinking for them, and this is the weakness of democracy as we know it.

Aristotle has stated that the first governments were generally monarchies because kings were appointed in return for the benefits they had conferred on mankind: and that such actions were peculiar to good men. This we find confirmed in the prosperity which accrued to Israel and Judah in the days of David, Hezekiah, and Josiah when they walked in the ways of the Lord, and in the days of Solomon when he was in favour with God. Solon was also a good man and through his economic and monetary reforms he brought prosperity to the Athenian State. 'But when many persons equal in virtue appeared at the same time, they brooked not a superiority, but sought after equality, and established a free state. Soon riches became a mark of honour and this is the origin of tyranny and the rise of democracy,'[1] and then again the rise of tyranny (dictatorships). How true this is to-day!

At the present time a considerable discussion is going on as to what is the best type of government. Some favour the Corporate State with its dictatorships, and some what they call democratic government. But if we look around we find that the sponsors of Democracy offer us

the people here indicated? Is it not the views which Sir Stafford and his friends are inducing their supporters to accept? What do the people really want done? The answer is that they do not know, as yet!

[1] *Politics*, Book III, Chapter XV.

many interpretations. In Great Britain to-day there are at least four parties anxious to interpret what they conceive to be the best form of Democratic Government. The fact that there is no agreement as to what is the ideal form of Democratic Government proves that none of the existing parties has really solved the problem. All sponsors of the Democratic and Republican forms of Government claim to stand for Liberty, Equality, and Fraternity, but none of these virtues is to be found in Democratic or Republican States to-day. None is to be found even in Bolshevik Russia. They are all Tyrannies. Aristotle gave the cycle. The first governments were absolute monarchies, the kings receiving their positions for the benefits they conferred. Their successors, not possessing the same virtues as their fathers, resorted to tyranny to maintain their positions, and conceal their lack of wisdom. Their positions and pride of place had to be maintained whatever the cost. With the progress of civilisation there arose an Aristocracy, 'many persons equal in virtue who brooked not a superiority,' which in turn overthrew absolutism, and elected an aristocratic form of government. The latter succeeded only so long as it was confined to men of virtue, but as it degenerated to Oligarchy (government by an exclusive class) it had to make way for Democracy, which in turn degenerated to Ochlocracy (government by the populace or mob-rule).

But now confusion is made worse confounded, for so-called Democracy offers us many alternative forms of government to choose from, none of which, as a permanent form of government, is acceptable to the people who make up Democracy, hence the chaos and anarchy now existing in the world. In some countries this paradoxical position is producing a considerable reaction, and they are moving back on the cycle to Dictatorships (Absolutism) as embodied in the Corporate

State. The cycle is now complete and in the vicious circle, though there are no qualifying monarchs of the absolute type—as yet.

It is due to the empirical conditions in which the majority of the people live and have their being, and to the excesses and defects prevalent in the economic system, that the challenge to constitutional authority has arisen. But while it is true to say that the majority of the people have a desire for good government, yet it cannot be said that mere 'desire' by itself constitutes the 'will' of Democracy. Desires are many, and it is this paradox which has reduced Democracy to a system of class warfare, or as some people will have it 'to a survival of the fittest.' Determined to improve their position, a large section of the people are bent on the oppression and extinction of those better off than themselves in the hope that it will make for equality. As the latter are thus placed on the defensive, they have created political parties for the defence of their 'legal rights.' And all of this class warfare is conducted on democratic lines—on the basis of Liberty, Equality, and Fraternity. Frankly, it is nothing but a mockery and a sham, and the people at heart know this to be so. Yet what can they do? Their only alternative is to seek for a Government based on the Law of God, and which alone can produce by general agreement the Liberty, Equality, and Fraternity for which they seek. God gave man dominion over the fulness of the earth, but it was conditional upon man obeying the Laws, Statutes, and Commandments that were provided to ensure the specific and efficient performance of his allotted task. In this man has definitely failed for no other reason than disobedience; he has endeavoured to formulate schemes of his own. Many learned people are now admitting this to be so, and it will soon become an unanimous opinion. Yet the solution is simple and obvious. 'The Law of God is perfect,

converting the soul,' ' Be ye therefore perfect as the Lord your God is perfect.'

Aristotle rightly declared that the moral law was far superior to the written law since it was conversant with far superior objects, and for this reason he claimed that the politicians ought to be acquainted not only with that which is most perfect in the abstract but also with that which is best suited under any given circumstance. But as it was not easy for any one person to keep an eye on everything himself, that it was advisable for the supreme magistrate to have subordinates under him. The men of worth were on that account best fitted to govern.[1] But these views require qualification. In order to succeed they must necessarily depend upon the supreme magistrate, his subordinates, and the politicians being fully conversant with a concept of life that is most perfect in the abstract and is best suited under any given circumstance; for it is clear that right thinking along predetermined lines will alone produce right actions. But now we arrive at the world's main difficulty, which is that man has not yet evolved a perfect system of life in the abstract, hence the weakness of Aristotle's philosophy,[2] and for that matter of all worldly forms of government.

Under the British democratic system the King rules by and with the advice of his Ministers, who are usually the leaders of the political party which has secured the most seats in the House of Commons. This form of

[1] *Politics*, Book III, Chapter XVI, and Book IV, Chapter III.

[2] Aristotle was a great man and there is much wisdom in his philosophy, but though I refer to him frequently in order to ascertain the origin of monetary practice and democracy, it is to be understood that I merely do so for the purpose of making comparisons between ancient and modern customs so that we may the more easily appreciate the latter. Aristotle was an acute observer, and like Socrates, was a good man, but he had not the advantage of Christian teaching. The wheat has to be separated from the chaff.

government perpetuates mediocrity for reasons which have been stated. To avoid this the King should rule by and with the advice of his Ministers in accordance with the Law of God, and it should be his duty to see that the whole law is enforced with the assistance of his Ministers. He should be in reality the Defender of the Faith, and assuming that the Law of God was established as the law of the land, he should have as a constitutional right full power to dismiss any Government at any time should he feel that it was not acting in conformity with the Law.

As our present monetary, economic, and legal systems embody only some of the moral laws which govern distributive justice, it is now necessary to inquire—What form of government is best suited for a democracy that elects to be ruled by the Law of God? In the first place there should be no political parties permitted in the State, but each constituency should have the right of nominating three of its best available men at each election, one of whom should be elected by ballot. On election each Member of Parliament should pledge himself upon oath to support the Law. On assembly the House of Commons should choose its Prime Minister from among its own members, and he should hold Office only during the life of Parliament. The chosen leader should be called upon by the King, as at present, to form a Government. All legislation approved by the reformed House of Commons should be scrutinised by a reformed House of Lords, which should be elected on a basis of merit only; but all legislation finally approved by both Houses should be subject to modification or rejection by a committee of His Majesty's judges, should they find, after close examination, that any part contravenes the Law. This implies, of course, a written constitution. The object of this arrangement is to make it possible for our legislators to simplify and codify

the Law to the extent necessary to enable educated people to read and understand it, so that they may conform to it, and so that the Churches can teach it. As the law at present stands this is impossible.

Facism is a popular institution because it does not allow any variation of the concept on which it is based, and because of this the people are saved the political strife which ordinarily exists within a democratic system, and which is a consequence of political parties striving for the popular vote. In addition, Facism does endeavour to improve the economic conditions in which the people live, and Signor Mussolini deserves full credit for his wonderful work in this direction. Imitation is the sincerest form of flattery, and he has many imitators. Hence such dictatorships as his succeed because they do endeavour to promote distributive justice, and give stability to a settled idea. These are their only virtues, but they are substantial ones. Nevertheless, as the dictatorships which exist are framed to suit different conditions within different countries, and as the people cannot rise higher than the concepts which are provided for them, they can have no permanency, nor can they constitute a basis upon which to build international goodwill and understanding. They must be transformed into the higher ideal, if the Aristotelian cycle is to be avoided.

In a recent Budget speech made by the Italian Minister of Finance, he said that the whole Italian financial machine 'was based on confidence in the State and the wisdom of the Head of the Government,' and that this confidence was the basis of the whole economic fabric of the country to-day. Yet great as Signor Mussolini is, he is not immortal, though he is certain to take his place in history. If the structure of the Italian State is to rest merely on the confidence rightly reposed in Signor Mussolini as its Head for the time being, it cannot

be regarded as a permanent foundation, for the next man who comes along will for a certainty want to show that he also is a genius. He may endeavour to follow in Signor Mussolini's footsteps, but will he possess the same wisdom? Such is the common weakness of mortal man. Most of us are impressed with the marked improvement that has taken place in the Italian economic and political systems, even though we may question the wisdom of using bank credit to finance public works and buy industrial securities to sustain stock exchange prices. These mistakes will no doubt be rectified, and may have been already. In all other respects Signor Mussolini has handled his job well, but no guarantee can be given that Italy will find another man equally as capable as he, and that will command the same national obedience and respect. For this reason Signor Mussolini would be wise to carry his work forward to the higher ideal which alone can have permanency, since it rests in the Spirit and Power of God.

The peoples of all nations are permeated with the Spirit and Power of God, and this can be the only unifying force. All things of God can be spiritually discerned, and in this way only can we distinguish between the just and the unjust, and reach agreement and understanding. Where nations endeavour to impose their worldly will arbitrarily upon other nations they must necessarily come into conflict with the Spirit and Power of God. To attain unity in this sphere man must conform to the Law of God, which is the only pathway that leads to unity. As Tennyson has said in his poem of *The Brook*:

> " Men may come and men may go,
> But I go on for ever."

Dictatorships may achieve a temporary success, but all men are mortal. The one and only continuing force is

the spirit of righteousness, which is permanent and unchangeable. It stands for Unity and Stability, and goes on from generation to generation.

"Thine, O Lord, is the greatness, and the power, and the glory, and the victory, and the majesty: for all that is in the heaven and in the earth is thine; thine is the kingdom, O Lord, and thou art exalted as head above all. Both riches and honour come of thee, and thou reignest over all; and in thine hand is power and might; and in thine hand it is to make great, and to give strength unto all." (1 Chron. xxix. 11–12.)

* * * * *

here are some Christians who contend that Israel and Judah were dispersed more for idolatrous worship than for disobeying the economic Laws of God. The correct view in this matter is that because they did not walk in the ways of the Lord by obeying His Laws, Statutes, and Commandments, they resorted to idolatrous worship to satisfy their craving for spiritual satisfaction; and the framing of their own economic laws was a form of idolatrous worship. Consider the position to-day. Many people feel even now that if they read their Bible on Sunday, and put a few shillings in the plate, that they are doing all that is required of them, and that they can do as they like during the remainder of the week. Others again feel that their life during the week is such that the Church is no place for them, so they take up golf or some other sport. Not that sport is wrong, but it is mentioned merely to illustrate the point.

The following quotations, in addition to many others given in Part I, clearly prove that Israel and Judah were primarily dispersed for economic reasons. Many probably regretted their idolatrous worship and turned to God in prayer, and the reasons are given why their prayers were not answered. As the verses read, it is clear that God, as Christ also has clearly testified, attached considerable importance to our outward expressions

of Faith, which can be manifested only through the promotion and establishment of distributive justice:

"And the word of the Lord came unto Zechariah, saying, Thus speaketh the Lord of hosts, saying, Execute true judgment, and shew mercy and compassions every man to his brother: And oppress not the widow, nor the fatherless, the stranger, nor the poor; and let none of you imagine evil against his brother in your heart."

"But they refused to hearken, and pulled away the shoulder, and stopped their ears, that they should not hear. Yea, they made their hearts as an adamant stone, lest they should hear the law, and the words which the Lord of hosts hath sent in his spirit by the former prophets: therefore came a great wrath from the Lord of hosts.

"Therefore it is come to pass, that as he cried, and they would not hear; so they cried, and I would not hear, saith the Lord of hosts: But I scattered them with a whirlwind among all the nations whom they knew not. Thus the land was desolate after them, that no man passed through nor returned: for they laid the pleasant land desolate." (Zech. vii. 8–14.)

If Democracy is to succeed in reaching its objective it will require a religion to act as a unifying force, and there is none better than Christianity. But what is the essence of Christian teaching, reduced to its simplest terms? The finest interpretation that has been given—'pure and undefiled'—is the one given by Christ Himself as King of Israel, as follows:

"Then shall the King say unto them on his right hand, Come, ye blessed of my Father, inherit the kingdom prepared for you from the foundation of the world:

For I was hungry, and ye gave me meat:
I was thirsty, and ye gave me drink:
I was a stranger, and ye took me in:
Naked, and ye clothed me:
I was sick, and ye visited me:
I was in prison, and ye came unto me."
(Matt. xxv. 34–6.)

Here we have the material and the spiritual aspects of Faith embodied in one concept. And it will be observed that Christ does not say wait until I come before doing these things; but, on the contrary, 'because ye have done these things before I come ye shall be the blessed of my Father.' If we put into practice the Laws, Statutes, and Commandments of God the prerequisite conditions required by Christ would follow naturally. And the order of distribution (wealth, kindness, and love) should be noted:

(1) "For I was hungry, and ye gave me meat: I was thirsty and ye gave me drink: naked and ye clothed me." (Wealth.)

(2) "I was a stranger, and ye took me in: I was sick and ye visited me: I was in prison, and ye came unto me." (Kindness, and Love.)

The reciprocal actions which would follow from this increased distribution is thankfulness and happiness. Love therefore would spread outwards and upwards to ultimate reality beyond, and permeate all things. But this is not Democracy—it is Christianity. It is not a democratic or corporate State that the people require, but a Christian State. Herein only will their souls delight in all the virtues of life. In a true Christian State all will be for the State, for then 'the great man will love the poor and the poor man love the great.' It will be a case of all for one and one for all. There can be no class warfare in such a State. Democracy committed a great error when it assumed that Christianity was not perfect in the abstract, and that it could not be applied to present-day existence in all respects. For God alone is Spirit, and what system is there other than Christianity that can appeal to the Spirit which resides within us all, and thereby promote unity? In the true Christian State the interests of consumers and producers

will be identical, and all will serve the State, which will exercise a paternal interest over every human being; all will feel that they are part of one large family, and those that are poor will not feel that they are outcasts merely because they happen to be poor. This will be true solidarity. The primary duty of a Christian State is to promote a wide and equitable distribution of the annual wealth produced, to do good to the poor, and judge the fatherless and the widow; and if it does this everyone else above will certainly be prosperous and have no cause for complaint or worry.

Under the Law of God there would be three annual holidays of eight days (holy weeks for rest and acknowledgment) with full pay, and the scale of wages payable would be such as would provide all the necessaries of life for the working classes with improved housing conditions. To comply with modern requirements all the existing pension and insurance schemes should be converted into one All-inclusive Insurance Scheme, and the Poor Law System should be abolished as being no longer necessary. Under this proposal *assurance* would be given to the whole nation against all risks of destitution. The scheme should be financed by a flat percentage on all salaries and incomes, which, in the new order of things, would be no hardship on those in receipt of salaries and incomes, since these would be greater. Unemployment would be considerably less in view of the increase of consumption that would be bound to ensue, hence general taxation would be less onerous. Provision would be made to ensure that the administration of the scheme was not official and bureaucratic, but personal and moral.

Every person should become a member of a guild, and a local committee could then decide what service, if any, should be rendered to the community by each unemployed person, and personal advice and assistance would

be given in each case. Medical benefit should be provided by a national service founded out of the funds, that would be a health service, and guidance and direction for the preservation of health should be given where required. Periodic examination of each person should likewise be undertaken to prevent incipient sickness from developing. Through the guild of members society could render a great human service. As the cost of the scheme would be financed out of salaries and incomes, which conforms to the Law of Tithe, this would to a large extent relieve productive industry of the direct cost of insurance premiums, which now fall on costs of production.

In addition to the measure of value, the All-in Insurance scheme outlined above should help to promote the Liberty, Equality, and Fraternity for which Democracy has been seeking. And by Equality is meant—equality of opportunity, for all men are not equal in ability, but they are equal in the sight of God.

"But godliness with contentment is great gain. For we brought nothing into this world, and it is certain we can carry nothing out. And having food and raiment let us be therewith content." (1 Tim. vi. 6–8.)

NOTE TO CHAPTER XIV

In his reference to the Aristotelian cycle, Josephus makes the following observation:

"Some legislators have permitted their governments to be under Monarchies, others put them under Oligarchies, and others under a Republican form; but our legislator (Moses) had no regard to any of these forms, but he ordained our government to be what, by a strained expression, may be termed a Theocracy, by ascribing the authority and the power to God, and by persuading all the people to have a regard to him, as the author of all things that were enjoyed either in common by all mankind, or by each one in particular, and of all that they themselves obtained by praying to him in their greatest difficulties." (*Josephus* (Whiston), Vol. IV, pp. 398–9.)

CHAPTER XV

INTERNATIONAL RELATIONSHIPS

LET us now consider some of the national aspirations which are the cause of the strained relationships which exist between certain nations, and which necessitate the maintenance of armies and navies for purposes of attack and defence, though it is frequently said that they are maintained solely for defence purposes. These particular strained relationships exist in the world to-day because there are a few nations who feel that they are unable (1) to obtain colonies in which to house their surplus population and perhaps expand trade, and (2) to obtain their fair share of world trade. And because no simple economic mechanism exists through which these aspirations could be realised without ownership of colonies or of their neighbour's territory, the strained relationships continue, with the threat of war always lurking in the background. We must now see whether we can find the simple mechanism that is required, and that will be capable of promoting distributive justice equitably not only between individuals but also between nations. For it is obvious that all nations cannot possess colonies, and that in a well-ordered world it should make no difference whether they do or not. The failure of the World Economic and Monetary Conference (1933) was really due to its inability to meet these national aspirations equitably in the international economic sphere. The nations were afraid of one another, and, in the present order of things, will continue to be so. Hence the need for tariffs, quotas, exchange restrictions, and the like.

The British Empire and the United States

Apart from the purely economic sphere the existing relationships between the British Empire and the United States are really of a very cordial nature. Each of these economic units would like to be able to trade freely one with the other without tariff barriers and exchange restrictions, if a trading system could be devised that would automatically prevent imports of goods and services from exceeding exports of goods and services, and without payment of interest on the short-term credits which each nation may obtain from the sale of its goods and services. This observation would apply equally to their trading relationships with all other nations. In fact, what all nations are really seeking for at the present time is an economic and monetary mechanism that would automatically provide to each 100 per cent. protection while at the same time ensuring 100 per cent. freedom of trade. With such a system in being there would be no need for war, or rumours of war. Conceivably, it might be necessary to have punitive expeditions, but no more than these.

The United States and Canada

Though the United States and Canadian Governments have not found it necessary to place a soldier or a fort on the border separating the two countries for defence purposes, yet they have found it necessary to set up a barrier of high tariff duties because they can see no other way of automatically establishing equity and stability in their trading relationships. Each nation is afraid of the other imposing goods and services that would be surplus to requirements, and for which it could not afford to pay. The ambition of each nation is to prevent an adverse balance of trade from arising against it, for the discharge of which it would have to

ship gold from its gold reserves, and this in the present order of things Canada certainly could not afford to do. Yet if an equitable system of barter could be devised with a uniform monetary system—each nation maintaining its own independent system—the people of each country would have no objection to the utmost freedom of trade taking place between them. They would be glad if it could be made possible for them to barter goods and services freely and equitably. It is certain that if a solution of this problem could be found many of the present-day difficulties with which the United States and Canada have to contend would automatically be solved and so would many of those which confront the British Empire and the nations of the world.

Great Britain and Ireland

The next interesting study is the strained relationships which exist between Great Britain and Southern Ireland. The root cause of these is the feeling which many of the people have in Southern Ireland that Great Britain in the days when she was in full control of the country gave no adequate economic return to the Irish people in exchange for that control. And, owing to the mercantile and free trade systems which Great Britain has operated in turn during the last two centuries, there is a great deal to be said for the Irish point of view. But whatever faults have existed in the past they were certainly never imposed willingly by the British people, who were made to work to an economic and monetary system of control which the British and Irish peoples have mistakenly assumed to be the ' will ' of Democracy. The failures of the past merely reflect the failures of Democracy. For instance, it might reasonably be said that during the days of the Irish Nationalist Party at Westminster, that they had many opportunities of improving the economic relationships with Ireland; but quite evidently these

opportunities were sacrificed because of the Irishman's obsession for Home-Rule. In Southern Ireland even to-day the majority of the people are still 'agin the Government.' Nevertheless, they are still the same likeable people.

It is certain that if economic prosperity could be guaranteed to the people of Southern Ireland that the suspicion and ill-feeling which at present exists between them and the British people would soon disappear. Though the Irish people are great humorists, and a very determined people, yet in common with all other Democracies they do not yet know what they want nor how to attain it. Their leaders are, however, fully aware that the main object of government is to promote a wide and equitable distribution of wealth; and we may be quite certain that if it could be proved to them that an economic mechanism could be devised that would ensure this equality to the Irish people, that they would consider this to be the best form of government. If wealth is currency, which is indeed the case, then the greater the area in which the Irish people can barter their goods and services, the greater must be their ultimate prosperity. This being the proposition, we are again brought back to a consideration of the economic mechanism necessary to promote equity and stability in the economic relationships between the two countries, for on a solution of this problem will depend whether harmonious relationships can be re-established between the Irish and British peoples with all ill-feeling removed. As they are of the same common stock as ourselves, it is unthinkable that we should be forced to separate. The unitary form of government is by far the best, but if this as a principle be agreed to by both sides then all concerned would have to go a step further and agree that a unitary economic and monetary mechanism is equally, if not more, important. For economic history has proved

that commercial union should always precede political union. Political unions are desirable only in those cases where it can be shewn that they are capable of conferring maximum economic benefits, and the past trading relationships between Great Britain and Ireland have not always conformed to this standard. The political cart has always been placed before the commercial horse.

Great Britain and India

There is a considerable political discussion taking place both in Great Britain and India as to the best form of government that is suitable for India. As all forms of Democratic Government have failed in Europe, logic dictates that no democratic form of government can be suitable for India, particularly if we bear in mind the caste system which prevails in that country. One has also to reconcile the Hindu with the Mohammedan, and the Hindu with the Untouchables. Before India could be permitted to rule itself, it would first of all have to agree upon a uniform religious system, and at the moment this would be asking too much. A Christian government is required in India, and for the present we could not expect the people of India to administer impartially such a form of government. A Christian government will be essential if India is to work in harmony within the British Empire, and ultimately with the world in general, in accordance with the economic conditions required.

What India requires first of all is economic stability and prosperity. There is far too much poverty and destitution in India, and the density of its population (present and future) is a factor which should not be lost sight of. Before political independence could even be considered for India, its national economic and monetary systems would have to be re-designed and brought up to date on a basis which would conform primarily to

the needs of the people of India, and secondly to the requirements of the nations of the world.

As a preliminary step towards the establishment of the requisite economic mechanism in India the formation of the Central Reserve Bank, now under consideration by the Indian legislature, is important. The second step, in so far as India is concerned, will be the stabilisation of silver at a price to be agreed between the nations of the world.

Great Britain and Egypt

In principle, and speaking generally, the same remarks apply to Egypt as apply to India.

Germany and France

The most strained relationships in the world to-day are those between Germany and France, and the root cause of these is the territorial aggrandisement of the former, who believes that it is necessary to obtain some part of her neighbour's territory, or a grant of colonies from France and/or Great Britain, if she is to obtain elbow room, and a place in the sun for her population. This is confirmed by the exhortation recently addressed to the German people to increase the population. Why this should be desired if the present population has insufficient room or scope is difficult to explain. Germany's professions of peace are therefore rightly questioned by France, who feels obliged to maintain army and air forces of sufficient magnitude to protect her against attack—which is prudent.

Germany claims that the terms of the Versailles Peace Treaty were extremely onerous, and while this might have been so in theory yet it was not so in practice. Since the end of the War she has been able to borrow abroad far more than she has paid in reparations; and by internal depreciation and debasement of her pre-war and war-time

currency she has been able to cancel the best part of her internal and external pre-war and war-time indebtedness. In this way, plus her post-war borrowings abroad, which are not likely to be paid in full, she was able to escape the onerous financial burden, if such it was, of the Versailles Peace Treaty. As the Treaty stood, it was of course incapable of fulfilment, but it cannot be blamed for the post-war economic depression from which Germany has suffered in common with other nations of the world. As a result of Germany's repudiation of her obligations, the British people are left to find nearly the whole cost of their own war-time expenditure and loans to Allies. Germany, being now free of war debt, is also now free to indulge in a dictatorship and sabre rattling, but for what purpose? Simply to gain equality in armaments and colonies, and so regain her former position. But to attain these another war would be necessary, not in the present but certainly in the future; and if it is to succeed a long view must be taken now, and careful preparation made. Meanwhile, the suspicion which exists in the minds of the people of France as regards Germany's intentions, of which they have had a considerable experience, prevents, and will continue to prevent, the world from obtaining that peace and tranquillity which are so earnestly desired. If nations wish to be above suspicion they must act above it.

Under the national and international monetary proposals to be outlined in the next chapter, Germany can be offered the world to trade with provided she has peaceful intentions, and joins the International Clearing House therein referred to. These proposals will give her far more than she could obtain from the mere possession of colonies, and will also give her an opportunity of putting into actual practice her professions of Christian Faith and peaceful intentions. 'By their fruits ye shall know them.' If Germany wishes to have peace, pros-

perity, and above all security, she can have these without establishing an army, navy, and air force.

As for France, her sincerity can be tested by the response which she gives to the invitation to join the International Clearing House discussed in the next chapter, and the extent of the disarmament she is prepared to undertake thereafter. But no clear decision could be taken by her on the latter point until after Germany had become a member of the International Clearing House. The terms of membership impose no onerous obligations. They are designed to confer favours, not to receive them, which accords with Scriptural doctrine.

Russia.

The relationships of Russia with the rest of the World are troublesome factors, but after the establishment of the International Clearing House they would cease to be so. Troublesome nations cannot be controlled by the rest of the World to-day without a resort to arms as the final arbiter. On the other hand, Russia believes that other nations, in upholding the capitalist system, are upholding a system which oppresses the masses. In the new order of things this view could no longer prevail.

Russia can help mankind in the only effective way possible by joining the International Clearing House, and agreeing to adopt the measure of value on the terms laid down, so as to assist in promoting distributive justice not only throughout the world in general but also in her own country. In her case, however, a further condition would have to be imposed, namely—that the oppression and persecution of Christians in Russia shall no longer continue, and that they shall be allowed to build and maintain their Churches freely and openly without interference. This must be made a prerequisite condition

of Russia's admittance to the International Clearing House.

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From the all too brief review of the causes which have produced the strained relationships that exist in the world, the three outstanding root causes are obviously (1) the maldistribution of wealth, (2) the desire to extend the area of national government and trade through the acquisition of territory, (3) the fear of what to-morrow may bring forth. In the world as constituted, and in the absence of the requisite international economic mechanism, it would be difficult to expect any two nations to have precisely the same national and international outlook, hence the reason why the nations in general find it difficult to establish a community of interests in international affairs. When we find that certain nations covet what other nations have, and will not be satisfied until they obtain what they want, it is surely an Utopian dream to expect those other nations, which are likely to be deprived of what they have, to disarm and leave themselves open to attack. Until the root causes which produce the economic discontent and strained relationships can be removed, and the alternative safeguards provided, disarmament with a view to world peace is not within the realm of practical politics.

Any attempt made to promote an international agreement should be made on unitary lines if it is to have a chance of success, with each nation retaining its own independent system, but working in conformity with an agreed international plan which must be clearly and specifically outlined beforehand. This national training and experience will then prepare mankind for that closer co-operation which will be necessary before the world organisation of future ages can be brought into being.

In the meantime such questions as the equitable dis-

tribution of wealth, dumping, cheap labour, and hours of labour, in so far as they affect international relationships, could be dealt with satisfactorily, and with the necessary safeguards, through the International Clearing House, an outline of which is given in the next and concluding chapter. The additional economic changes required could be incorporated in the terms of membership, and made an obligation thereof.

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"The Lord of hosts . . . will destroy . . . the vail that is spread over all nations. He will wipe away tears from off all faces; and the rebuke of his people shall he take away from off all the earth. And it shall be said in that day, Lo, this is our God; we have waited for him, and he will save us." (Isa. xxv. 6–9.)

"In righteousness shalt thou be established: thou shalt be far from oppression; for thou shalt not fear: and from terror; for it shall not come near thee. . . . No weapon that is formed against thee shall prosper; and every tongue that shall rise against thee in judgment thou shalt condemn. This is the heritage of the servants of the Lord, and their righteousness is of me, saith the Lord." (Isa. liv. 14–17.)

"Let not the wise man glory in his wisdom, neither let the mighty man glory in his might, let not the rich man glory in his riches: But let him that glorieth glory in this, that he understandeth and knoweth me, that I am the Lord which exercise lovingkindness, judgment, and righteousness, in the earth: for in these things I delight, saith the Lord." (Jer. ix. 23–4.)

CHAPTER XVI

THE CENTRAL RESERVE STANDARD AND INTERNATIONAL CLEARING HOUSE

It has been truly said that the defects which exist in national economic systems cannot be cured directly through monetary action alone, but equally it can be said with certainty that no economic action can succeed without monetary action. But what kind of monetary action? This is the great question. The proposals which are now to be put forward can be summarised in four words, namely—The Measure of Value. Nothing could be more simply stated, nor could make a less demand upon the nations with a view to curing the world of its ills, such as high tariffs, exchange restrictions, unemployment, the maldistribution of wealth, armaments, and war. And it is quite certain that until the nations agree to adopt the measure of value that no other conceivable economic action would have any chance of success—and the recent failures of world conferences will confirm this view. But the adoption of the measure of value would not be possible without an agreement to reform monetary practice both nationally and internationally on lines hereinafter indicated.

Sovereign power will not rest completely with Parliament until that part of it which is now possessed by those who control the present monetary machine is withdrawn from them. This does not mean that Parliament should have control of monetary policy. What it does mean is that Parliament should formulate

new regulations for the better conduct of the Central Bank, and of a kind that would ensure the whole of the monetary system being made the servant of the people and not its master. A prerequisite condition of which is that the measure of value shall be adopted, which alone can prevent excess and defect from arising, thus definitely providing the line of demarcation between good and evil. In the previous chapters it has been proved conclusively that evil resides within, and emanates from, the monetary system as constituted—it has been so from the beginning of time—and it is *now* for the public to insist, if it agrees with the views herein expressed, that the requisite remedial measures shall be applied.

The maldistribution of wealth, the fall in the general level of world prices, the increase in the purchasing power of debts and money, the consequent impoverishment of world trade, the increase of unemployment, the increase of public debts, and the imposition of widespread restrictions upon international trade and payment, are matters which can be viewed only with the gravest concern; and positive assurance can be given that no definite cure can be found for the defects outlined except through the monetary mechanism provided by the Central Reserve Standard. A gratifying feature of this new standard is that it provides for an increased use of gold and silver, and greater than is, or was, possible under the so-called Gold Standard. But to ensure the successful working of the new standard, and an increased use of gold and silver for currency purposes, it is essential that the main parts of the system shall be brought under definite regulation and control. Though gold and silver never were measures nor standards of value, nor could be made so, yet, to those who favour the employment of the precious metals as such, the Central Reserve Standard could be regarded as a reformed Gold Standard, or as a reformed Bi-metallic

Standard. But it would be inadvisable to continue with the use of the wrong nomenclature, especially as the Central Reserve Standard could ensure the removal of all those restrictions which hamper international trade and exchange, and which no action under a purely metallic standard could hope to do. If then gold and silver cannot truthfully be called measures or standards of value, is it wise to allow bankers and economists to continue with the use of the wrong nomenclature, if by so doing it continues to mislead the public? Anything that is not true should certainly not be allowed to stand.

As previously stated, if we had to deal with currency alone it would be a simple matter to evolve an invariable measure of value. This could be done by ensuring that all currency notes issued were covered by eligible commercial bills, gold, and silver. But as the banks pyramid credit upon the currency they have in their tills, and upon the deposits which they may have with the Bank of England, and as this credit circulates equally with currency as money, a very unstable element is introduced into monetary practice. It is obvious that financial credit at no time, or in any conceivable circumstance, can be the equal of currency notes circulating as measures of value. Yet to-day currency and unregulated credit do circulate as money, and because they are permitted to do so, and because of a lack of proper control, the world is faced with what appears to be insuperable economic difficulties.

Therefore, in addition to providing an invariable measure of value, it has been necessary to evolve a mechanism which would provide a symbolic measure of value covering the whole of the monetary system, and this is done by bringing the main parts of the mechanism of the system under positive regulation and control in the following ways:

(*a*) CREDIT—by giving to the Central Reserve Bank complete control over the ratio of credit expansion. This should be considerably reduced below what it is now.

(*b*) CURRENCY—by ensuring that all representative currency notes are covered by eligible commercial bills, gold, and silver, to the full extent of 100 per cent., such currency notes only to be legal tender.

(*c*) TOKEN COINS—that the purity of the silver used in the appropriate coins be increased to a fineness of 925 in 1,000, or say 92½ per cent., and that its price as a commodity, expressed in legal tender currency, be stabilised at the ratio of 40 to 1 of gold.

(*d*) GOLD—that the price of the standard ounce as a commodity, expressed in legal tender currency, be fixed at a level based on its cost of production as heretofore.

(*e*) FOREIGN EXCHANGE RATE—that the exchange rate be fixed and that the right of convertibility into gold and/or silver shall be at the option of a Central Reserve Bank only, always providing that such bank is a member of the International Clearing House, particulars of which are given on pp. 343–8.

The foregoing regulations, as embodied in Items (*a*) to (*e*) constitute the symbolic measure of value, and if strictly enforced they would (1) improve the quality of credit generally, (2) considerably minimise the risk of bank failures, (3) enable a larger quantity of silver to be used for coinage purposes, and (4) enable a larger quantity of gold and silver to be used as cover for currency issues, and as reserves for international purposes.

The one and only way by which we may automatically ensure the maintenance of a stable and equitable price level, and to foster the free and profitable movement of commodities in general, is to ensure that all currency issues, bankers' balances at the Central Reserve Bank, and the volume of regulated credit shall be determined by the volume of eligible commercial bills made available for rediscount at the Central Reserve Bank, plus the gold and silver reserves which may be held by the Bank in its vaults or elsewhere, and any net balance

which it may hold at the International Clearing House hereinafter referred to.

As an expansion of currency based upon rediscounted eligible commercial bills and gold and silver reserves would considerably increase the power of the banks to lend on financial securities, and as the banks claim that their present lending power is sufficient for all practical purposes, it is essential that this particular lending power should be limited to a fixed ratio which should be controlled by the Central Reserve Bank. In view of the claim of the banks this will cause no hardship.

As will be seen from the regulations outlined on pp. 343–8 it is the intention that the Central Reserve Bank shall provide, through the rediscounting of eligible bills and the issue of currency, all the commercial credit required by producers, merchants, and tradesmen, and, simultaneously, all the purchasing power required by consumers. In this way the commercial system of banking would be separated effectively from the financial system, with beneficial results to all concerned. In other words, all purely commercial transactions would be financed by the currency, the approach to which would be, as at present, through the commercial banks to the Central Reserve Bank.

If the Central Reserve Standard were adopted by the nations of the world, it would solve the gold and silver problems in a most satisfactory way, since an increased use of these metals could be made as cover for currency issues, without, by themselves, being considered legal tender, or measures or standards of value. This arrangement would prevent these metals from having any restrictive influence on the expansion of currency, and, *ipso facto*, from having any influence on prices. Thus 'price' and 'value' would in future cease to operate as separate factors, and would be merged into one only, namely—'price-value.'

Under the Central Reserve Standard prices would be predetermined and based by producers on their costs of production (price-value), and would not, as at present, be dictated by the limited quantity of theoretical metallic currency available, which can be expanded or contracted at will by the Bank of England. In this particular matter no discretionary power will in future be allowed to the administrators of the Central Reserve Bank envisaged, hence 'price' and 'value' will cease to function as separate factors.

One of the world's great difficulties at the present time is the separate existence and maintenance of currency zones, the most important of which are the silver standard, the gold standard, the sterling standard, and the dollar standard. While these separate zones are maintained high tariffs will be necessary, and the lowest prices in any one zone expressed in terms of gold will inevitably tend to pull down any higher prices which may exist in any of the other zones. The only way to overcome this difficulty, and avoid the need for tariffs, is to standardise international monetary practice, which alone would enable all existing zones to be merged into one. No system can ensure this other than the Central Reserve Standard, which, by its rediscount facilities, and the control of financial credit, is able to provide all the currency required to finance production, and, above all, consumption. All expansions of such a currency can be made without inducing inflation. The new system envisaged would be able with certainty to raise price-values to at least their costs of production (which I have termed their point of equilibrium), but this could not be called inflation. At this point stability of the price-level would automatically follow, since price-values would thereafter be determined by their costs of production, and price-values always tend towards their lowest cost. Thus the Central Reserve Standard would automatically

eliminate inflation and deflation, which are induced solely by currency manipulation; and, as has been stated, no discretionary power in such matters would be allowed to the administrators of the Central Reserve Bank, so that the public need not be afraid that these diseases would in future continue to afflict mankind.

The next important matter to be discussed is the movement of short-term balances, which, quite correctly, have been termed 'negative gold reserves.' These are mainly created by the facility with which merchant financiers and others can borrow on securities. In times of crises these short-term funds can be transferred about from one country to another for the purpose of earning a higher rate of interest, for the purpose of speculation, or, in times like the present, for the purpose of preventing the capital of the borrowers from depreciating in terms of gold through currency devaluations. The foreign exchange rate of a currency is affected more by the transfer of such balances, which may be considered a speculation in the exchange rates, than it is by the adverse or favourable balances of trade between countries. A large part of the problem to be solved is therefore (1) how to curb the lending power of the banks for such purposes, (2) how to curb the speculation which banks allow to take place in foreign exchange rates, and (3) how to prevent short-term funds from being transferred abroad, whether owned by nationals or foreigners, or whether created from the sale of goods, dumped or otherwise, or from the creation of credit, unless for legitimate business or holiday purposes.

Owing to the great increase of debts that has taken place throughout the world since 1914 to cover the cost of the War, to cover the discounts at which Government Securities have been issued, and the enlargement of the social services, it would be a physical impossibility to return to the so-called Gold Standard, yet many

competent authorities are advocating this course. Under this standard the pressures that could now be brought to bear on the gold reserves would be so great as to make it unworkable; and recent experience has proved this point. The so-called Gold Standard can now be regarded as a dead institution and quite beyond redemption. It is in fact now quite outside the realm of practical politics. Therefore, before international co-operation could be made possible, it would be necessary for the nations to find a practical working alternative, and the only one available is the Central Reserve Standard, which alone can provide the requisite measure of value to ensure not only the elimination of excess and defect, but also a wide and equitable distribution of wealth.

The monetary regulations required to encourage international co-operation, and make it permanent, will now be outlined, but it should be carefully noted that the national regulations can be applied without waiting for international co-operation. In fact, it would be necessary for these regulations to be adopted by nations in the first instance before they could hope for international co-operation.

The essential regulations are as follows:

(1) That the Central Reserve Banks of those nations agreeing to adopt the Central Reserve Standard (or measure of value), shall form an International Clearing House, the annual expenses of which shall be guaranteed by such banks on a proportionate basis to be agreed between themselves. The International Clearing House not to be concerned with, nor involved in, the transfer of payments for reparations or war debts, which together with all other forms of debts shall be discharged in commodities and services through the usual trade channels.

(2) That each nation adopting the Central Reserve Standard shall agree to give its Central Reserve Bank the sole right of note issue, and guarantee the parity value of the notes issued by the Bank.

(3) That the Government shall guarantee a minimum of 3½ per cent. on the issued share capital of the Central Reserve Bank, and shall not expect a recovery of any sums it may advance for this purpose in any year.

(4) That all commercial and private banks accepting deposits shall be obliged to become members of the Central Reserve Bank, and to rediscount immediately all eligible commercial transactions through the medium of commercial bills of exchange, upon the back of which shall be stated the sole uses to which the proceeds may be put.

(5) That the Central Reserve Bank shall not compete with its member banks for commercial or private accounts, nor shall it pay interest on its deposits. It shall at all times remain a bankers' bank, and concern itself solely with the maintenance of sound banking principles, and the parity of the exchanges.

(6) That currency notes shall be issued by the Central Reserve Bank against the eligible commercial bills which it shall rediscount, and the gold and silver reserves which it may hold, plus any balances which it may possess abroad. But it should be understood that until there are sufficient eligible bills to maintain an adequate volume of currency in active circulation, that the existing currency issued against Government Securities shall remain in issue while the replacement of the securities by eligible bills is taking place. Approximately 75 per cent. of the eligible bills rediscounted shall be used to retire an equivalent amount of Government Securities, and the remaining 25 per cent. shall be used to expand currency. Whenever Government Securities have been retired they shall not be replaced.

(7) That the Central Reserve Bank shall be bound to rediscount on demand all eligible commercial bills presented to it, if these conform to the standard of eligibility required, and to issue currency notes against such bills. The Central Reserve Bank shall be free to vary its rate of rediscount below the maximum rate allowable, namely—one and a half per cent. (1½ per cent.). It will be expected to control the volume of credit, not by varying the rediscount rate, nor by the purchase and sale of securities in the open market, but by advising the Government to vary the ratio of credit expansion downwards or upwards within the maximum allowed to the banks. The Government in its turn will give every consideration to such advice.

(8) That each nation shall pass uniform legislation; (*a*) defining the legal reserves of its commercial banks as consisting of legal tender currency, plus their balances for the time being at the Central Reserve Bank, both of which taken together equal cash; (*b*) enjoining every commercial bank not to exceed the specified ratio between its deposits and cash; (*c*) empowering the Government on the advice of the Central Reserve Bank to issue a proclamation to lower the maximum ratio, provided that such contraction of credit shall not take effect until the lapse of a period of three months after the issue of such proclamation, and provided such proclamation has not been withdrawn or modified in the meantime.

(9) That commercial banks will be free to expand credit up to the limit of the ratio to be determined. But in the event of the banks exceeding this ratio, they shall be called upon to pay a tax at the penal rate of — per cent. per annum upon that portion of their deposits which exceeds the ratio. Provided the banks conform to the ratio, and also to the usual canons of banking practice, they shall be entitled by way of consideration to receive assistance in case of need. [But if the regulations are complied with such assistance should not be required.]

(10) That the payment of interest on foreign short-term deposits or loans shall be prohibited, likewise the sale or use of eligible commercial bills for investment or as collateral for foreign short-term loans. And that the provision of short-term funds by the acceptance and discount of purely finance bills, known as accommodation paper, for the purpose of using such funds abroad for speculative purposes, or for lending them at other financial centres, where the rate of interest obtainable may be higher, or where credit is unobtainable, shall be prohibited. All commercial banks and discount houses shall reject such accommodation bills as collateral for short-term loans.

(11) That all foreign short-term credit balances held by bankers or other persons or companies whether created from the sale of imported goods, loans, or sales of securities, shall not be exchangeable into foreign currencies, but shall be spent within the country in the purchase of goods and services.

(12) That the currency of each country shall not be convertible at the will of the holder, but only at the will of a Central Reserve Bank.

(13) That speculative purchases of gold and/or silver shall be prohibited, and shall not be financed by bank credit.

(14) That all purchases and sales of foreign currency shall be conducted through the Central Reserve Bank, which shall establish a special department for this purpose, and that all foreign exchange rates shall be fixed at the parity eventually decided upon.

(15) That speculative purchases or sales of any foreign currency shall be prohibited, and that any violation of this rule shall be considered a criminal offence.

(16) That each nation whose Central Reserve Bank is a member of the International Clearing House shall at once abolish all restrictions upon trade and exchange transactions with other nations of the group, but it shall be permissible for each of such nations to impose a revenue import duty not greater than 10 per cent. against each other. But if it can be proved that the internal weight of taxation, which has to be borne by costs of production, is greater than 10 per cent., then the extra amount involved shall be added to the revenue import duty, subject to the total not exceeding 15 per cent.

(17) That each nation which is a member of the International Clearing House shall be obliged to impose tariff duties of not less than 100 per cent. upon imports from nations which are not members.

(18) That a draft by a Central Bank upon its balance with the International Clearing House shall be a good discharge for any debt owing by a national of a member nation to a national of another member nation.

(19) That all Central Reserve Banks which may be members of the International Clearing House shall immediately purchase a quantity of silver equal to one-tenth of the value of its gold reserves, which purchase shall be in addition to any stock of silver required for token coin purposes; and preference in such purchases shall be given to those Central Reserve Banks which are members of the International Clearing House.

(20) That all Central Reserve Banks which may be members of the International Clearing House shall at all times be prepared to purchase gold and silver at the stabilised prices agreed upon, which shall be in the ratio of 40 to 1. But in the event of the

output of silver being greater than world requirements the Central Reserve Banks shall have power to lower the price per fine ounce by one penny at a time until the point of equilibrium is reached. The price can be restored in like manner as and when demand exceeds supply.

(21) That all Central Reserve Banks which may be members of the International Clearing House shall immediately constitute and maintain with the latter a balance sufficient to meet all reasonable contingencies. This balance shall be constituted by the sale to the Clearing House of gold and silver at the stabilised prices agreed upon. Gold and silver sold to the International Clearing House need not be physically transferred to its custody, but can remain lodged in the vaults of the vendor Central Reserve Bank under earmark to the International Clearing House, though full discretionary power shall remain with the latter.

(22) That all Central Reserve Banks, which are members of the International Clearing House, together with their national member banks, shall agree not to hold gold reserves exceeding 20 per cent. of their currency note issues; and that their gold reserves shall be used as cover for note issues, and shall not be held merely as reserves against note issues; and that they will make arrangements through the International Clearing House to bring about an equitable distribution of any excess which they may have over the percentage named among other member Central Reserve Banks, should any of these be short of the gold and silver reserves required. All gold reserves held over 20 per cent. of the note issues shall be considered surplus to requirements, until the gold reserves of all Central Reserve Banks shall have reached a minimum of 20 per cent. After this all surplus reserves shall be used for currency note issues by the nations possessing them, and not as reserves against note issues. Gold and silver reserves shall in any event not be held in a fixed ratio to currency notes issued.

(23) In order to ensure the redistribution of sterilised gold and silver equitably among member nations, arrangements shall be made by which the nations, which may be short of the requisite gold and silver reserves, may obtain a short or long-term loan at a low rate of interest directly from those nations which have a surplus; the proceeds of this loan to be used to purchase the gold and silver necessary to make up requirements.

(24) That the International Clearing House shall not compete with Central Reserve Banks, nor by any action of its own impair the quality of international money. It shall concern itself solely with the evolution and maintenance of an international monetary standard of uniform quality, which can best be achieved by inducing all Central Reserve Banks which are members to ensure that the standard regulations agreed upon are strictly enforced within their respective countries.

(25) That each Central Reserve Bank will keep a reasonable balance with the International Clearing House, but should it exhaust its balance or be otherwise unable to meet its liabilities to other Central Reserve Banks which may be members thereof, or in the event of the continued breach of any of the rules of entry and membership, it shall, after a formal notice of one month, forfeit its membership of the International Clearing House, and be subject to the tariff duties of 100 per cent. imposed against non-members, the imposition of which shall be obligatory by the nations whose Central Reserve Banks are members.

* * * * *

A few words in explanation of the foregoing regulations are now necessary. They have been designed to eliminate the excesses and defects inherent in existing monetary practice, and in pursuing this objective they follow the Law of God.

From a practical point of view the technique embodied in the regulations follows conservative banking practice, while at the same time providing all the elasticity required in the currency system to enable a wide and equitable distribution of wealth to be brought about. In the words of President Roosevelt, the regulations would ensure a 'square deal.' This being so, it is to be hoped they will commend themselves to all right-thinking people.

The reason for retaining gold and silver within monetary practice, and providing for an increased use of these metals in the Central Reserve Standard, is that the economic organisation of the world is in a very backward and inefficient condition. So also are the banking facilities which exist in many countries, and

which in any event are not designed to meet the requirements of the people. Even if these facilities were made adequate, not much more than half the people in the world could be trusted with cheque books; and, speaking generally, the discounting and rediscounting of bills on the wide scale envisaged in the Central Reserve Standard would not be as safe a business as it is in the British Empire, the United States, and other highly developed countries. Time is required for the further enlightenment of civilisation. In the meantime it is important that currency should continue to be the chief mode of payment in all countries; and if we could but increase its quantity and velocity of circulation, we could assuredly increase the volume of effective purchasing power and prosperity.[1]

The people of India and China have in the past hoarded their savings in gold and silver, and in China and Mexico in particular silver is the dominant currency. It would be impolitic to say to these people that silver was no longer of value for currency purposes. If we did so, we should destroy a considerable amount of effective purchasing power; and the considerable fall that has taken place in the value of silver in recent years has already done so. The world cannot afford to allow this defect to continue without providing a remedy. Those who seek to eliminate gold and silver from monetary systems have really no substitute they can offer to the people of the countries mentioned in

[1] From this paragraph to the end I recapitulate and develop the arguments relating to gold and silver which I used in my booklet entitled *The Measure of Value*, published May 11, 1932, and in my book *The Crisis of the £*, published December 7, 1931. It will be seen that my arguments have been consistent throughout, and that I have at no time changed my views to accord with the economic circumstances of the moment, or to suit public opinion. The idea of the International Clearing House first occurred to me in 1929, and is referred to in my book *The Dual System of Stabilisation* (1930), pp. 20–1.

exchange for their metallic standards. Nothing we could do would alter the habit of centuries, that is, the natural propensity of these people to hoard their savings in the precious metals. They have a natural distrust of instruments of credit, and perhaps they are wise in following their instinct. We need only take into consideration the losses recently incurred by people who have trusted in such instruments of credit in more civilised countries. The more the matter is considered by those competent to judge, the more they will agree that the only certain line of progress in the East, and in those other countries which lack adequate banking facilities, is through the Central Reserve Standard, which provides for an issue of legal tender currency based upon gold and silver, and also for a substantial issue of token coins to cope with the day-to-day requirements of the people.

But Governments should not seek to obtain seigniorage profits from the issue of token coins. A seigniorage charge to cover the cost of coinage is justifiable. A larger charge than this is inexcusable and an abuse of the right of seigniorage. All token coins should be covered by wealth, either in the metal of which they are made, or by the metal and eligible bills of exchange held at the Central Reserve Bank.

For the proper conduct of trade, and for its development on the widest possible scale, confidence in the invariability of the medium of exchange, and in the fulfilment of obligations at their due date, whether for short or long periods, is a prerequisite condition; and for the promotion of confidence over the widest area of world trade the retention of gold and silver within monetary mechanisms is obviously necessary.

Gold and silver ought not to be used as theoretical measures or standards of value at the base of currency systems, because there is not enough gold and silver in

the world to supply the currency necessary to promote a wide and equitable distribution of wealth at the highest point attainable, and at the same time maintain the convertibility of the financial credit structure, the magnitude of which varies in all countries. A limitation of currency is equivalent to a deflation of currency, which we know contracts prices, lowers wages, and induces unemployment. And how to cure this is the world problem.

For reserve purposes, however, Central Reserve Banks need imperishable commodities, and ones that are easily and compactly stored. There are none better than gold and silver; and in the new era of prosperity envisaged it would be difficult to have over-supplies of these metals for reserve purposes, because there would be a considerable demand for them for commercial purposes, such as ornaments and works of art. Therefore, nothing should be done that would in any way discourage their production and use, since an increase in their use necessarily promotes employment and trade. As the international demand would be keen, the market in these metals would be a free one at all international centres. Hence it follows that as long as we use silver for coinage purposes, and gold for reserve purposes, we cannot do away with the employment of gold and silver in monetary systems. But all the reserves of these metals should be employed as cover for currency notes, and not held as reserves against such notes, nor in a fixed ratio to such notes; on the contrary, the reserves should be allowed to diminish and expand as circumstances require without necessitating the contraction of the currency in issue.

By stabilising the prices of gold and silver under the Central Reserve Standard, and by continuing to use these metals as aids in the settlement of adverse balances, it should not be assumed that currencies and prices will thereby be fixed to gold and/or silver. The maintenance

of the parity of a monetary unit under the so-called Gold Standard depends upon whether the external pressures against it are unduly heavy, as happened in the case of sterling in the year 1931. In that year there were heavy withdrawals of foreign short-term balances, and an adverse balance of trade; but the withdrawal of the short-term balances was mainly responsible for Great Britain's decision to abandon the Gold Standard, and allow sterling to find its own level. If there is an insufficiency of gold and foreign credit balances to meet external pressures then the parity of any monetary unit under the so-called Gold Standard would have to give way, and this would automatically alter the price of gold in terms of the monetary unit affected.

Currencies and prices are fixed to gold and silver only in cases where these metals form the theoretical or exclusive base of currency systems, examples of which are the so-called Gold Standard and Bi-metallic Systems. Under the Central Reserve Standard, however, the precious metals would form but a fraction of the general wealth which would constitute the backing of the currency notes in issue. These notes would be representative notes—that is, they would represent the wealth which backs them through the medium of eligible bills of exchange, plus the gold and silver reserves. Being representative notes, they would pass current freely and be preferred to credit instruments, thereby greatly facilitating the barter of goods and services; and in part they would form the soundest possible base upon which the commercial banks could expand financial credit to the limit of the ratio allowed to them. The prices of gold and silver would therefore be stabilised in terms of this combined purchasing power, i.e. currency and credit, hence the parity of the currencies and the level of prices could not possibly be controlled or influenced by the gold and silver reserves if they

were retained and used in the more extensive way suggested.

With regard to the gold and silver reserves which in future should be held against currency notes, it is suggested that these should not exceed 20 per cent., and that even at this low percentage the reserves need not be held in a fixed ratio to the notes in issue. In many countries the legal ratio insisted upon is 40 per cent., but in practice Central Banks have found it necessary to exceed this limit in order not to be found short of it. Also in order not to be forced to expand currency and credit many Central Banks have sterilised their gold imports by the simple expedient of allowing such imports to increase the reserves held against their note issues. In America a few years ago the ratio of gold reserves to notes issued was as high as 92 per cent., although the legal requirement was only 40 per cent. The building up of these huge reserves of gold against note issues is explained by the fact that American banks have in the past unduly expanded financial credit. In 1929, for instance, the ratio of financial credit to currency was 16½ to 1. If banks are to be allowed to expand credit unduly in this way, it will of course be necessary for Central Banks to increase their gold reserves to the utmost extent possible, because all financial credit of whatever kind is convertible into currency, and then into gold wherever convertibility is maintained. Under the Central Reserve Standard bankers in future would not be able to expand credit so freely, for the simple reason that the ratio of credit expansion would be considerably lowered and brought under definite control. This would make for a general all-round improvement in the quality of credit; and because of this the holding of substantial gold reserves by the Central Reserve Banks against their currency note issues and deposit liabilities need not exceed 20 per cent., which in future should

be sufficient to meet all likely contingencies. Thus we see that under the Central Reserve Standard all gold reserves held over 20 per cent. could be considered surplus to requirements, and so made available for distribution among the Central Reserve Banks of those nations which joined the International Clearing House.

We have now to determine the price at which silver should be stabilised in relation to gold. It is suggested that the ratio should be fixed at 40 to 1, and that this ratio should not come into force until an agreement has been concluded between Great Britain, the United States, and France. At this ratio the producers of straight mineral silver should be able to make a satisfactory profit. But as silver is also an important by-product in the production of copper, lead, and zinc, it is important that the ratio should not exceed 40 to 1 because any higher price for silver would, other conditions remaining the same, have a tendency to stimulate the production of copper, lead, and zinc. Per contra, of course, an increased demand for copper, lead, and zinc would automatically increase the output of silver, and if there were no increased demand for the latter, and if the price were placed at a higher figure than is indicated in the ratio of 40 to 1, an excessive production of silver might arise, particularly if it is also borne in mind that at a ratio of 40 to 1 a working profit is obtainable by the producers of straight mineral silver.

To anyone who may assert that even at the ratio of 40 to 1 the price of silver would be too high, the answer is that the prices of copper, lead, and zinc, are more or less regulated by the price received for silver as a by-product. Thus no inequality would arise from stabilising silver at the price indicated in the ratio of 40 to 1. The prices of copper, lead, and zinc would presumably be quoted at a lower level than would otherwise be the case.

The stabilisation of silver at the higher level indicated (40 to 1) would not impair the competitive power of China in world markets, because under the Central Reserve Standard silver would no longer be retained in that country as a presumed measure or standard of value. Silver would simply be used as a commodity as cover for Chinese dollar note issues in the same way as tea would be used, the only difference being that the price of silver would be stabilised. Thus the higher price for silver envisaged would not induce trade depression in China, nor in any other silver-using country. In those countries which adopted the Central Reserve Standard prices would be determined by their costs of production, thus China and other silver-using countries would benefit accordingly.

In recent years the production of silver has averaged 245 million ounces. Direct enquiries as to the quantity of silver used in the arts have met with little success, and the statistics obtained would appear to be somewhat defective. But it would be safe to assume that the annual average consumption of silver in the manufacture of plate and jewellery, in works of art, and through wear, tear, and loss, is about equal to three-fourths of the production. Silver is principally used for plate and jewellery; it is also consumed in photography, films, and in numerous chemical preparations, such as luna caustic, indelible ink, hair dyes, fulminating powder, etc. But in times of prosperity greater uses could be found for silver in the arts—and even for gold.

We should be careful, however, not to exaggerate the importance of silver. It is clear that of the annual output of this metal not more than 25 per cent. would be available for monetary purposes. If we assume that 61,250,000 ounces were annually available, this at two shillings per fine ounce would amount to only £6,125,000. This is an insignificant amount compared with the volume

of currency which the world requires, and even if the amount were doubled it would not matter very much. But there are large reserves of silver held against note issues in the U.S.A., Spain, India, and China, and these could, under the Central Reserve Standard, be brought into more active operation than is now possible; and, under the regulations above outlined, provision is made for the distribution of these silver reserves among the gold-using countries. But the most important part of this aspect of the discussion is, that all the silver and gold used in the arts of production would be made available for monetary purposes through their eligibility for rediscounting facilities, so that most of the annual output of these metals when used in the arts and manufactures could be used for currency purposes. In addition to which one must not lose sight of the volume of credit that is given annually on gold and silver plate and jewellery.

There is another important point which should not be lost sight of, and it is this: When we stabilise the prices of gold and silver, we do not stabilise them in terms of these metals, but only in the purchasing power which they command over all other commodities. In other words, the prices which we agree to pay for these metals must emanate from a source quite apart from them, so that in agreeing to stabilise them at a ratio of 40 to 1 we should not be reviving bi-metallism as commonly understood, but we should in fact be employing the metals in monetary practice in a very much better way.

Our next item for consideration is the need for fixed foreign exchange rates. This would be impossible under existing conditions, but under the Central Reserve Standard it would be a comparatively easy matter if all foreign exchange business were conducted through the Central Reserve Banks, and all transactions of a purely

speculative nature were strictly prohibited. It should be regarded as a criminal offence for any person, firm, or corporation, to sell a currency which they do not possess, or to purchase one they cannot use. It should be the business of a Central Reserve Bank to ensure the convertibility of the currency and to maintain sound banking principles; and anyone interfering with the Bank's duties in these respects should be summarily dealt with.

If the regulations of the Central Reserve Standard were made effective, they would automatically prevent unofficial rates from being quoted for the purchase or sale of currencies. The quoting of unofficial rates should also be made a criminal offence. If gold and silver reserves were not retained within the Central Reserve Standard, unofficial rates would undoubtedly be quoted whenever any nation held an excess of short-term deposits with another nation which they could not liquidate. Under the Central Reserve Standard provision is made by which these short-term deposits can be liquidated by the purchase of commodities and services for export. In this way the dumping of foreign goods becomes profitable to the country receiving them, because the proceeds from the sale of the dumped goods at low prices cannot be transferred abroad, but must be used to purchase goods and services for export, and presumably at a higher level of prices. This arrangement would not retard the import of goods for strictly domestic purposes, which would no doubt be carried through by importers after they had made provision for the requisite foreign currencies to pay for them.

* * * * *

There now only remains the summary of the economic reforms which should be made effective by all nations agreeing to become members of the International Clear-

ing House, and it should be understood that the economic reforms should follow the adoption of the Central Reserve Standard and not precede it. The summary is as follows:

(1) The Central Reserve Standard (the measure of value) should be adopted together with the regulations outlined, in order to ensure that all weights, measures, and balances, 'should not be falsified by deceit,' and to ensure the elimination of excess and defect.

(2) The working week should be limited to a maximum of 40 hours in all countries.

(3) All wages should be raised to the fullest extent possible in order to increase consumers' purchasing power, and 'to deliver the spoil out of the hands of the oppressors, and so that no part of the hire of the labourer may be withheld.'

(4) In order to promote further employment, happiness, and enjoyment, there should be three compulsory holidays of eight days during the course of the year at full pay, beginning on a Friday night, and ending on a Monday morning. These holidays should be termed Holy Weeks in recognition that all comes from the hand of God. This conforms to Scriptural teaching.

(5) Every person should be guaranteed against destitution and poverty under an All-inclusive Insurance Scheme.[1] In this way we would be 'judging the cause of the poor, the fatherless, the widow, and the needy,' thereby promoting distributive justice.

(6) Usury in all its shapes should be forbidden.

This summary should be compared with the summary rejected by Israel and Judah, and which appears in the concluding chapter of Part I (p. 188).

* * * * *

"And her merchandise and her hire shall be holiness to the Lord: and it shall not be treasured nor laid up; for her merchandise shall be for them that dwell before the Lord, to eat sufficiently, and for durable clothing." (Isa. xxiii. 18.)

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[1] See p. 325–6.

MEANWHILE, "the Lord maketh the earth empty, and maketh it waste, and turneth it upside down, and scattereth abroad the inhabitants thereof. And it shall be, as with the people, so with the priest; as with the servant, so with his master; as with the maid, so with her mistress; as with the buyer, so with the seller; as with the lender, so with the borrower; as with the taker of usury, so with the giver of usury to him. The land shall be utterly emptied, and utterly spoiled: for the Lord hath spoken this word." (Isa. xxiv. 1–3.)

"BEHOLD, the day of the Lord cometh, and thy spoil shall be divided in the midst of thee. . . . And it shall come to pass in that day, that the light shall not be clear, nor dark: But it shall be one day which shall be known to the Lord, not day, nor night: but it shall come to pass, that at evening time it shall be light." (Zech. xiv. 1, 6, 7.)

"And the Lord shall be king over all the earth: in that day shall there be one Lord, and his name one.[1] . . . And men shall dwell in it, and there shall be no more utter destruction; but Jerusalem shall be safely inhabited, and the wealth of all the heathen round about shall be gathered together, gold, and silver, and apparel, in great abundance." (Zech. xiv. 9, 11, 14.)

[1] Compare with the prayer Matthew vi. 10, as follows: "Thy kingdom come. Thy will be done in earth, as it is in heaven."

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