

**THE CAUSES OF WAR:  
IS OUR FINANCIAL SYSTEM TO BLAME?**  
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Perhaps the first necessity, if we wish to arrive at the truth of this matter, is to be clear on what we mean by "war". The technical definition of war is "any action taken to impose your will upon an enemy, or to prevent him from imposing his will upon you". It will be recognised at once that this definition of war makes the motive rather than the method the important matter to consider. More energy is devoted at the present time to the endeavour to modify the *methods* of war than to removing the *motive* for war. If we recognise this, we shall be in a better position to realise that we are never at peace - that only the form of war changes.

Military wars are waged by nations, a statement which is the basis for the somewhat naïve and, I think, certainly erroneous idea that you would abolish war if you abolished nations. This is much like saying that you would abolish rate-paying if you abolished Urban District Councils. You do not dispose of a problem by enlarging its boundaries, and, if I am not mistaken, the seeds of war are in every village.

We can get a glimpse of the main causes of war if we consider the problems of statesmen, who are expected to guide the destinies of nations. I suppose most statesmen at the present time would agree that their primary problem is to increase employment, and to induce trade prosperity for their own nationals, and there are few of them who would not add that the shortest way to achieve this would be to capture foreign markets. Once this, the common theory of international trade, is assumed, we have set our feet upon a road whose only end is war. The use of the word "capture" indicates the desire to take away from some other country, something with which it being unable, also, to be prosperous without general employment, does not desire to part. That is endeavouring to impose your will upon an adversary, and is economic war, and economic war has always resulted in military war, and probably always will.

The so-called psychological causes of war are the response of human nature to irritations which can be traced to this cause either directly or indirectly. To say that all men will fight if sufficiently irritated seems to me to be an argument against irritating them, rather than against human nature. It is not the irritation which causes the economic war, it is the economic war which causes the irritation. Military war is an intensification of economic war, and differs only in method and not in principle. The armaments industry, for instance, provides employment and high wages to at least the same extent that it provides profits to employers, and I cannot see any difference between the culpability of the employee and that of the employer. I have no interest, direct or indirect, in the armaments industry, but I am fairly familiar with Big Business, and I do not believe that the bribery and corruption, of which we have heard so much in connection with armaments, is any worse in that trade than in any other.

So long, then, as we are prepared to agree, firstly, that the removal of industrial unemployment is the primary object of statesmanship, and, secondly, that the capture of foreign markets is the shortest path to the attainment of this objective, we have the primary economic irritant to military war always with us, and, moreover, we have it in an accelerating rate of growth, because production is expanding through the use of power machinery, and undeveloped markets are contracting. Any village which has two grocery shops, each competing for an insufficient, and decreasing, amount of business, while continually enlarging its premises, is a working demonstration of the economic causes of war - is, in fact, itself at war by economic methods.

I do not believe that it is sensible to lecture the public of any or all of the nations on either the wickedness or the horrors of war, or to ask for goodwill to abolish military war or the trade in armaments, so long as it remains true that, if one of the village grocers captures the whole of the other grocer's business, the second grocer and his employees will suffer. Or if it remains true that if one nation captures the whole of another nation's trade the population of the second nation will be unemployed, and, being unemployed, they will suffer also. It is poverty and economic insecurity which submits human nature to the greatest strain, a statement which is easily provable by comparing suicide statistics with bankruptcy statistics and business depression. Suicides are less in numbers during wars, not because people like wars, but because there is more money about. Suicides are less in number during trade booms for the same reason. To know, therefore, whether war is inevitable, we have to know whether, firstly, there is enough real wealth available to keep the whole population in comfort *without* the whole of the population being employed, and, secondly, if this is so, what is it that prevents this wealth from being distributed. In regard to the first question, I believe there can be no doubt as to the answer. We are all beginning to be familiar with the phrase "poverty amidst plenty", and it is generally admitted that the crisis of the past decade has been a crisis of glut and not a crisis of scarcity. Yet during that crisis, poverty has been widely extended, because *unemployment* has been widely extended. So that we have experimental evidence that full employment is not necessary to produce the wealth that we require - it is only necessary to the end that we may be able to distribute wages - quite a different matter. In regard to the second question, therefore, we know it is lack of money in the hands of individuals to enable them to buy the wealth which is available, and not the lack of available goods, which makes men poor. As our arrangements are at the present time, money is primarily distributed in respect of employment, which, as the glut has shown, is in many cases not necessary, or even desirable. So that it is not too much to say that the causes of war and the causes of poverty amidst plenty are the same, and they may be found in the monetary and wage system, and that broadly speaking, the cure for poverty and the beginnings of the cure for war can be found in a simple rectification of the money system. This rectification must, I think, take the form of a National Dividend, either in a simple or more complex form, so that while there is *real wealth* to be distributed, nobody shall lack for want of *money* with which to buy. It has already been shown that money is actually *made* by the banking system, and not by agriculture or industry. The "Encyclopaedia Britannica" states the matter clearly in its article on banking in the words: "Banks lend money by *creating* the means of payment out of nothing."

It seems difficult to make it clear that the proposal for a National Dividend, which would enable the products of our industrial system to be bought by our own population, has nothing to do with Socialism, as that is commonly understood. The main idea of Socialism appears to be the

nationalisation of productive undertakings and their administration by Government departments. Whatever merits such a proposal may have, it does not touch the difficulty we have been considering.

The provision of a National Dividend is merely to place in the hand of each one of the population, in the form of dividend-paying shares, a share of what is now known as the National Debt, without, however, confiscating that which is already in private hands, since the National Credit, is, in fact immensely greater than the portion of the National Debt which now provides incomes to individuals.

The practical effect of a National Dividend would be, firstly, to provide a secure source of income to individuals which, though it might be desirable to augment it by work, when obtainable, would, nevertheless, provide all the necessary purchasing power to maintain self-respect and health. By providing a steady demand upon our producing system, it would go a long way towards stabilising business conditions, and would assure producers of a constant home market for their goods. We already have the beginnings of such a system in our various pension schemes and unemployment insurance, but the defect for the moment of these is that they are put forward in conjunction with schemes of taxation which go a long way towards neutralising their beneficial effect. While this is inevitable under our present monetary system, it is far from being inevitable when the essentially public nature of the monetary system receives the recognition which is its due, but is not yet admitted by our bankers.

It may be asked, with reason, why the provision of a National Dividend, even if effective in removing the prime motive for aggressive war on the part of Great Britain, would so affect the motives of other nations as to prevent them from making war upon us. I think the answer to this is twofold. In the first place, I believe it to be, while the present financial system persists, merely sentimental to suppose that a weak nation, particularly if it be also a rich nation, is a factor making for peace. Quite the contrary. It is as sensible to say that a bank would never be robbed if it had paper walls. International bankers are, almost to a man, strong advocates of national disarmament, but their bank clerks, alone among civilian employees in this country, are armed with revolvers, and the strength of bank premises compares with that of modern fortresses. Strength, unaccompanied by a motive for aggression, is a factor making for peace. A radical modification of the existing financial system will make it possible to build up a strong and united nation free from economic dissension, which would, by its strength, offer a powerful deterrent to aggressive war. And, secondly the spectacle of a contented and prosperous Britain, willing to trade but not forced by unemployment to *fight* for trade, would provide an irresistible object-lesson in genuine progress and would be imitated everywhere.

Why should these modifications not be made? For an answer to that question I must refer you to the Bank of England, which is all-powerful in these matters. Mr Montagu Norman, the Governor of the Bank of England, which is a private company, described the relations of the Bank of England and the Treasury as those of Tweedledum and Tweedledee.

It is not suggested that bankers have a wish to precipitate war. Far from it. Bankers dislike war only less than they dislike any change in a financial system with which, almost alone amongst other sections of the community, they appear to be completely satisfied.