

Holly Place,
Shoreham,
Sevenoaks,
Kent.

29th July, 1940.

Dear Mr. Nicholson,

I wish to draw attention to what I believe to be the most disastrous misdirection of our war effort.

It is the call to the population to formulate their sacrifices in terms of money; to let them believe that taxes, savings, and sales at Christie's can buy us planes; and that we need not, therefore, change our habits and ways of life as long as we are prepared to pay for them.

Unless we can rid ourselves of these unrealities, and that in time, it must prove impossible to re-educate the nation to the performance of its most urgent tasks. Thinking and acting in terms of labour and raw materials, of production and consumption is always difficult; it becomes almost impossible if one is exhorted to think and act and have one's being in terms of Gladstonian finance. I have seen a news-reel praising a boys' scrap-iron collection as an effort to keep taxes down. This will certainly not make it easier for the audience to appreciate the essential fact that scrap-iron and not money is the sinews of total war.

I agree that the Ministry of Information can not undo the harm which is being worked by some other organs of the Government. They are preventing the nation from realising its responsibilities in economic matters. We all remember the unholy muddle made by the then Chancellor of the Exchequer when advising the public on saving and spending. Then was the occasion to explain to them the plain truth that neither saving nor spending, not any combination of the two could solve the economic problem of the war for us. What we must change our attitudes and habits as producers and consumers, as well as our general outlook on organisational endeavours. Only if this had been done with the utmost emphasis could the appropriate qualifications have been subsequently made without obscuring the issue. These qualifications would have to be made for, after all, money is a means of payment and many sacrifices will take the form of taxation, saving, or loss of income. But the purport of these monetary sacrifices is entirely different from what it was in the past. In lending to the Government or in saving in any other form we are doing something useful for we are preventing inflation.

but we are not producing armswe are making no war effort; we are not doing anything that would release us from the much more distasteful and urgent tasks which total war lays upon every one of us.

I believe that it is the job of the Ministry of Information to press forth complete change in the financial outlook of the nation. Once the budget was the nation's lay bible. A new one is now needed, not in terms of money, but of goods. For five years Nazi propagandists instilled into the German minds the economics of total war before launching their slave raid. We have to counter these efforts in as many weeks, and that with a nation bred on the cod-liver oil of Victorian finance. Historians will have no difficulty in showing how the traditions of "finance" trapped the people into a policy of appeasement, and how general strategy was fouled by the traditional belief that sound finance in the end would win the war for us. We were thus misled into following a false foreign policy and a false strategy, and are now in danger of losing the home battle unless we can rid the nation of this survival of the past.

I propose that the Ministry should make economic enlightenment one of its main tasks. That such popular information as is supplied should be directed with the utmost vigour against the traditional notion of money being the sinews of war; with two qualifications: (a) no support should be given to monetary cranks; (b) the need of avoiding inflation as well as the need for foreign currency (including assets abroad) should be consistently emphasised.

Such propaganda might include talks, on economics (preferably in the form of dialogues or short plays); pamphlets, leaflets, posters, lectures, slogans, linericks, articles in the press, books and booklets; sermons, speeches, enunciations of the highest authorities including the Archbishops and even the Governor of the Bank of England himself.

To bring down matters to the earth, I enclose a few lines in semi-popular form as might be appropriate for Daily Herald and Daily Express readers.

Yours truly,

Karl Polanyi

Karl Polanyi.

BALLIOL COLLEGE,
OXFORD.

August 1
1940

Dear Polanyi,

Thank you very much
for your letter. I will send it on
to Harold Nicolson. I am going to
have a talk with Balogh about the
whole matter first of all.

Yours sincerely,

A. D. Lewis

230 Franklin Ave

UNIVERSITY OF LONDON
SENATE HOUSE

TELEGRAMS: UNIVERSITY, LONDON



TELEPHONE: MUSEUM 8000.

2178.016

as from.-
Crofton Grange,
nr. Buntingford,
Herts.

LONDON, W.C.1

1 August 1940.

Dr. K. P. Polanyi,
Holly Place,
Shoreham,
Sevenoaks, Kent.

Dear Dr. Polanyi,

Many thanks for your letter. The loss of yet another of our highly valued tutors was naturally a blow, but I expect that you are to be congratulated, from your point of view, on this new opportunity. I am sure that you will have an interesting time, and you know that all our good wishes go with you, as well as appreciation for what has been done. *you have*

Many thanks for the notes about your students, which I shall keep carefully for whoever takes over your class. I do not know if you have made any kind of provisional syllabus. If you have even a short note I should be very grateful if I might see it. If you have already sent in your full syllabus please ignore this part of my letter as I can get it from London. Being away from records I do not know what we have received and what is still to come. All good wishes,

Yours sincerely,

Barbara Woollan

Director of Studies for Tutorial Classes.

Telephone No.
RUSSIA 4321.

Telegrams:
"MINFUKM, LONDON."

*Any further communication
should be addressed to:—
The Director General and Secretary,
and the following references should
be quoted:*

MINISTRY OF INFORMATION,
MALET STREET,
LONDON, W.C.1.

28th September, 1940.

AM/30/101-----

Dear Polanyi,

Your letter of the 11th August has just reached me.

Blackmore I know quite well, and am interested to hear of the ingenious method of recognition.

With regard to the material on the Indian move, I am sending a copy of the current issue of the "Christian Commonwealth" in which there is an article that tries to sum up its significance. I hope that you are calling on the help of the British Library of Information, 50, Rockefeller Plaza; they will always have the latest thing on any development of the kind.

Yours affectionately,

Basil Mathews.

Professor Basil Mathews
AMERICAN DIVISION

Dr. Karl Polanyi,
c/o Institute of International Education,
2, West 45th Street,
NEW YORK CITY.

UNIVERSITY OF LONDON

SENATE HOUSE

TELEGRAMS: UNIVERSITY, LONDON



TELEPHONE: MUSEUM 8000.

2178.016

Tutorial Classes Committee
Temporary Address:
26 Lime Grove, Eastcote,
Ruislip, Middlesex.
Telephone: Pinner 4224.

LONDON, W.C.1

8 October 1940.

Dr. K. P. Polanyi,
c/o Institute of International Education,
2 West 45th Street,
New York City,
New York, U.S.A.

Dear Dr. Polanyi,

At Mrs. Polanyi's request I am enclosing a note of the work you conducted for the Tutorial Classes Committee and the University Extension Committee of the University of London.

With best wishes,

Yours sincerely,

R. Higginson
Secretary for Tutorial Classes.

PRE/EC

What money can do and what it cannot.

To win this war we need two things: arms and food.

Before the war we believed, that money could buy them. Now we know better.

What we can not produce ourselves or barter for goods we have produced, we must go without.

Labour, raw materials, and organisation will produce arms and food. Nothing else will.

So let us stop talking in terms of money, and let us think of ourselves as consumers and producers and as members of the public.

Ask yourself day by day whether you could not help to produce more and to consume less. Of course, in order to work, and to work hard, you must be fed and clothed and rested as well as possible. But how many people still think that they spend money because they can afford it? That they are doing their bit by paying taxes? And that it is nobody else's concern how they spend the money they earned?

And how many people continue to believe that money will build airplanes and that we can win the war by sales of Christie's? They still do not seem to realize that no diamond necklace can give us an additional plane unless additional skilled labour and additional material to build it are available. So unless the buyer of the necklace pays us in foreign currency, half a dozen aluminium pots and pans may be of more use to us than the finest necklace.

Does this mean that the giver of the necklace has made his gift in vain? Not at all, they are of real service to the nation. The same is ~~more~~ true of the taxpayer, the member of a savings group and so on. But we must learn to distinguish what they can do and what they can't.

Taxation and savings are means by which we restrict consumption and thus avoid inflation which would disorganise the whole of our industrial system and might even affect morale. Money gifts and jewelry help to bear the burden of taxation by diminishing the needs of the Exchequer. These are very useful and important things in themselves, and it is absolutely necessary that they should continue. Without them we might lose the war. They are the roof under the shelter of which the actual effort to win the war can be made. But they cannot win the war. In order to achieve this an entirely different kind of effort is needed. We must increase the production of useful things, that is, of all things necessary to fight Hitler

Talme

and to carry on life meanwhile - including the things we export in order to pay for the import of such things.

But any big increase in the production of one class of goods can be made only at the expense of another class of goods. A big increase in the production of boots of the Home Guards, for example, implies the restricting of the use of leather for trunks, suit-cases, gloves, handbags, and other articles we can in need go without or, as in the case of shoes, put up with a poorer quality. Fortifications need iron and steel at the cost of all other types of building. Whether leather or steel, a great number of people are affected in two ways:

(a) they might have to go without many articles which they need;

(b) they might be thrown out of their jobs or usual occupations altogether.

If they want to do their bit they will accept the consequences in good grace and even joyfully. That is, they will forego articles of use or accept substitutes for them. And they will put up with a change in occupation or in the circumstances of their work - a very serious sacrifice for any man to make.

The producers will do this, because there is no other way. It is a matter of course justice that the community should try and indemnify them if possible. Nobody else at least, should benefit by their sacrifice than the nation as a whole.

Even this is not all. We must put up with a great deal of inconvenience simply as members of the population; as householders, as users of the means of public transport; of the roads; of water, electricity and gas supplies; as parents of school children; as the owners of gardens and allotments; and in many other ways. How else could waste be avoided? Evacuation carried out smoothly and with least inconvenience? Railways and buses used to the best? And all the other resources of the nation husbanded?

We must learn to realise, and realise quickly, that every one of these things is not only necessary to win the war but that they are the vital things necessary to win it.

What we put up with willingly as consumers, as producers, and as members of the population will win the war. What we do as taxpayers and savers cannot achieve more than to give us a chance of making this decisive day-by-day effort.

3

Our resources are practically inexhaustible. But they can not be mobilised by money.

They can be mobilised only by the individual efforts of every citizen, by his or her willingness to co-operate in every way all the time to turn these resources into food and arms. This is the road to victory.

TO WIN THE WAR WE NEED ARMS AND FOOD;

MONEY CAN NOT PRODUCE THEM.

ONLY LABOUR, RAW MATERIALS AND ORGANISATION CAN.

THIS IS THE PEOPLE'S WAR. IT ALL DEPENDS ON YOU.

(1) Testimonial of University of Oxford



UNIVERSITY OF OXFORD

DELEGACY FOR EXTRA-MURAL STUDIES

REWLEY HOUSE, WELLINGTON SQUARE, OXFORD

Telegrams: EXTRAMURAL, OXFORD. Telephone: 2324

Secretary: L. K. HINDMARSH, M.A.

14th October, 1940.

To the State Department,
Washington,

I write to say that Dr. Karl Polanyi of Shoreham, Sevenoaks, Kent, has been engaged for the past four years by the Delegacy for Extra-Mural Studies of the University of Oxford as a lecturer and tutor. The work, which comprises lecturing to large audiences and also the teaching of small classes and individuals, is of a high academic standard, and the Delegacy require their tutors and lecturers to possess strong academic qualifications.

The Delegacy have given Dr. Polanyi leave of absence for the current academic year in order to enable him to undertake a lecture tour of the United States of America. Had he remained in this country it was their intention to have provided him with teaching and lecturing work which would have brought him an income, approximately, of £300.

The Delegacy have a very high regard for Dr. Polanyi and for his work and can recommend him with full confidence in his personal integrity and his academic qualifications.

L. K. Hindmarsh

Secretary to the Delegacy.

[1940?]

Dear Fran Tom: -

Stolper

It was a joy and a
delight to me to experience
once more the enervating
rhythm of your own &
your family's personality.
The young people attracted
me more than I can say.
Wolfgang summed up his
position in a few sentences
of, what I would call, a
hard-boiled idealism though
representative, I believe, of the
best of the new generation.
Marcus' quiet charm

appeared to be a natural
accompaniment of exceptional
ability; and Hannah
reminded me more vividly
of my own daughter than
I cared to admit, I suppose.
As the night before, which
I had spent with Walker
Federn, it felt a hush as
if I had heard voices
from home.

I enclose the 'Plan
of a Book'; it would be grand
to have the benefit of your
reactions, if only when I see
you next. Still, you may be
interested to know that in
these 5 years I collected most
of the *prima facie* relevant
material to substantiate my
thesis - I am afraid, I am

familly
vaguely in love with it, but
too blindly to miss the point
of your criticism.

I am confident that
Alexandria and Suez will
be held. If not, the war
will shift to Central Asia,
involving first the Near
East, and subsequently the
Indies. The total position of
England is still slowly improv-
ing. America's decision to
concoy is bringing it up
to the point of tipping the
scales.

Love to all.

Yours etc.

Karl Blows!