

Fellowship of Wives.

THE NATURE OF THE PRESENT WORLD CRISIS.

6th Dec '37
Mrs Sankay, ~~and~~

It needs no microscope to discover the subject matter of our talk. If we try to add up the number of people involved in the social changes of the last ten years we ~~would~~ reach a figure of approximately 5-600 million. The U.S.A. and Russia ~~would~~ together ~~would~~ amount to some 300 million; Germany and Italy to more than ~~a~~ after 100 million; Austria, Poland, Portugal, Greece, Jugoslavia with several of the Baltic States add up to another 100; if the new Japan should be added unto them a figure of more than 600 would be easily reached. And the number ~~would~~ be still greater if non-spectacular changes are included which often happened in the same direction ~~were~~ without any consciousness of ~~the~~ happening e.g. ~~in~~ the National Government of 1931 with its practically 9/10th majority in the House of Commons; ~~in~~ it is doubtful whether this did not mean the beginning of a change over from the two-party system which we thought was identical with democracy. That would take numbers above the 1000 million level.

The change is vast. The relations of politics ~~and~~ economics have under ~~what?~~ gone a change. Either democracy or capitalism have disappeared, in some great countries ~~as~~ as the U.S.A. their relationship has been shifted. Indeed, ~~three~~ types of changes:

in one great country socialism which was only a subject for utopian novels, is a practical reality;

in more than one great country every vestige of the liberal, humanistic and democratic outlook and the corresponding institutions have disappeared: a unique kind of despotism has taken their place nobody as recently as fifteen years ago could have ~~dreamt~~ of;

all over the world the economic organisation of life has ~~been~~ ^{been} ~~lost~~ the international gold standard, the international capital market, the international commodity market with its free exchange of goods and payments ~~have~~ ~~been~~ ~~lost~~ have gone.

When?

It is doubtful whether the new era of rapid change begins with the Great War. It seems much more recent than that. The Great War and the Treaties, the post-war revolutions and counter-revolutions seem to belong to a previous period of history. They have all the characteristics of the closing stages of the XIXth century, of the period ~~when~~ of the liberal national state following upon the religious wars of the XVIth & XVIIth century.

a. The Great War itself the ~~was~~ kind of meaningless conflict of group of great powers ~~under~~ under the system of liberal national states. Their alignment as such means nothing or not much more than nothing.

b. The Peace Treaties the usual Treaty that follow uponwards:

— *Haying, Hayek, Rauan* —

- c. The post-war revolutions, unusual disintegration of government following upon defeat in the field;
- d. The post-war counter-revolutions the usual backswing following upon revolutions: unusual reaction against a tragic change.

Insofar as positive achievements were the outcome -- permanent establishment of national state and constitutional governments-- this was ~~nothing~~ essential new: it ~~had~~ started by the French revolution to the countries carried of the ~~East~~ East. (~~destruction of feudal absolutism~~ and of ~~feudal land tenure~~).

BUT THIS PROCESS WAS IN THE MAIN AT AN END BY THE MIDDLE OF THE TWENTIES.

The Russian revolution starting in 1918. Up to that time ~~nothing~~ that did not fit ~~the~~ pattern. At an end with the NEP and Bolsheviks ~~enrichisse~~ vous ~~messieurs~~. The ~~directoire phase~~ entered The Five Years' Plan an entirely new departure.

The Italian development until 1925 ^{typical} post-war counterrevolution ~~in~~ in a psychologically, a defeated country, and consequent semi-Bolshevism. As late as January 1925 Mussolini wished to ~~red~~ Italy return to the party system. As much as there is of the Corporate State is a later development.

~~Germany, France, Austria, Italy, Czechoslovakia, Poland, Hungary, etc.~~ The break down of the international gold standard now. As late as 1930 nobody would have as much dreamt of the possibility ~~of~~ the pound sterling and the dollar ~~fluctuating currencies~~ a la South American states.

New Deal nothing to do with War and Peace Treaties.

Germany only superficially the victim of War and Treaties. That Germany merely wants a revision of the Treaties is a cherished illusion of many people but nevertheless an illusion.

Doubtful at what date the new period starts, but certainly ~~begin~~ anew one.
a. The same forces that were at work in the Great War partly at work in the new period;

b. the new developments ~~inspire~~ of the Great War, not consequence.

How?

- A. Sudden, swift, vast changes.
- B. Great changes brought about without any struggle, in the no man's land of social jurisdiction. a. The international economic system dissolves in the way once it breaks up. (Free-trading not held together by force.)
b. relationship of the political system to the economic drift apart. The system attacked from unexpected quarters. What it was not expected to stand strain or stress. ~~Pivot~~ gives way.
- C. The relation of change to deliberate human will changed.

previous traditional
3. "The ~~old~~ attitude to change gone. Do we like to have things ~~as they are~~ as they are? If not, how do we want them to be? What to do about it?" This attitude has no relevance to the facts. Change ~~is~~ ~~an external fact~~ an ~~internal~~ ~~external~~ fact: the ~~scenery~~ in ~~not~~ the individual who finds himself faced by it and constrained to ~~adjust~~ himself ~~to it~~.

D. No proportion between measure of effort to bring about change and the actual measure of change achieved. Like a person starting off an avalanche. The symptoms of a society under judgment.

Why?

What has brought about the crisis of our social system, both nationally and internationally?

a. Either Capitalism or Democracy disappear (actually):

b. They two incompatible. (on principle).

c. In the U.S.A. Big Business undermining the authority of political bodies by all means, greatly responsible for too many corruption, or the Philadelphia Gas Ring; in Central Europe parliaments interfering with Business. Mutual interference the rule.

d. The nature of the capitalist system:

a system governed by price. Markets, Automatic, autonomous, atomistic system. Completely destructive of society. A separate distinct economic sphere, a unique development. An anomaly.

the nature of extended state activities: especially protection to society and its destruction by and through such a system. But in the course of such an interpenetration of state and industry the economic system becomes rigid, inelastic. The adaptation to the needs of the international economic system becomes impossible if and when major adjustments are suddenly needed. (The free play of the price system ~~is~~ ~~un~~beable beyond a definite measure). Thus the break-down came ~~in~~ in the international ~~financial~~ ~~financial~~ sphere.

Up to the ~~WWI~~ ~~WWII~~ Twenties the states used reac in the usual way of free economics) deflation, taxation, lowering of wages, increase of exports. -- in vain. The Central European deficit taken over by England, the English born by the U.S.A. till the U.S.A. themselves break down. (crypto-inflation).

Second half of the period (since 1929) the states go autarkistic, they use all means to maintain the internal value of their currency, with the help of embargoes on imports, restrictions of foreign payments, quotas, bilateral agreements clearing arrangements. This tendency is world wide and is the result of the break down of the gold standard not its cause. The vastly growing political tension between the states, more the outcome than the cause of this process.

Why cannot this be remedied?

Internationally: the denial of it within the nations
elsewhere: the denial of it within the nation
Nationally: the denial of it within the nation