

# THE FIG TREE

A Douglas Social Credit Quarterly Review

Edited by C. H. Douglas

Contributions by

The Editor

A. C. Cummings

D. E. Faulkner-Jones

Lord Strabolgi

A. A. McGuckian

The Alberta Drama

“Junk-heap” Economics in Europe

Credit Control or National Extinction

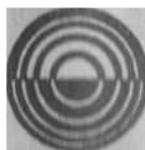
Finance and War

Marketing

also

Major Douglas on the Alberta Experiment  
and

Ruth Pitter, Herbert Bluen, Geoffrey Dobbs,  
Norah Jeans, Alfred Jefferies, M. B. de Castro,  
G. R. Robertson



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Editor: C. H. Douglas

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*But they shall sit every man under his vine  
and under his fig tree; and none shall  
make them afraid. Micah iv., 4.*

# The Alberta Drama

By THE EDITOR

MOST of us who have dealt with Social Credit matters are familiar with the theory that the world (by which, presumably, is meant the people in it) is in need of a “change of heart,” and most of us, including myself, have expressed some impatience with this theory. Yet there is no doubt that as a formula it has validity. It is the content of the formula which is generally erroneous.

The application of it to the situation in Alberta is easy to see. Neither Mr. Aberhart nor, so far as can be judged at this distance, any of his Cabinet have been able to rid themselves of the obsession of industrial work as the end of man. How much of this outlook upon the problems which faced him on his election was native to Mr. Aberhart and how much was suggested to him upon his early visits to the East, I am not in a position to know, but I think that his one concrete attempt to modify the monetary system of the Province by the introduction of a form of “disappearing money” can be traced back without difficulty to a skilful manipulation of this idea. The Prosperity Certificate, which was the name given to this device, took the form of a dollar bill to which, in the first place, a two cent stamp had to be added every week if it was to retain its value. The device represents a 104 per cent capital levy, payable over a period of one year, or over two if a one cent stamp is used, which was the case with the first recorded issue of these certificates. The idea behind it is to discourage the saving of money and to encourage the purchase of production. It has the effect of introducing a new psychological factor into economic organisation or, to state its objective another way, it encourages the hoarding of goods, and stimulates the purchase of durable goods in particular, in place of the saving of money, thus stimulating an excessive production of capital goods.

This is a theory which is coming into high favour with banking authorities, since it constitutes the most stupendous taxation upon money resources which has ever been proposed and increases the power of those who have the monopoly of creating money to an extent which for all practical purposes renders it absolute. It is clearly true that any kind of money is better than no money at all, which is conceivably the argument in the minds of the apologists of this proposal, but as coming from a Government which was promising enhanced economic security it is obvious that a dollar which disappeared almost while you looked at it and which quite naturally no banker would accept, was not likely to appeal as an improvement over a dollar which you could deposit in a bank and upon which you could draw three per cent interest while it remained there.

The certainty is hardening that the device of taxation is one of the greatest obstacles to economic security which exists, and that it is not merely a question of the form of taxation but the power to impose taxation at all which must be attacked. It was the failure to recognise this that made Mr. Aberhart’s first Budget, inspired by Mr. Magor, such a serious handicap to his progress in the direction to which his mandate had committed him.

C. H. DOUGLAS

# “Junk-heap” Economics in Europe

By A. C. CUMMINGS

THE Herr Professor was giving the class a lesson in the new Nazi economics.

“Yes, Hans,” he said, clicking his heels and raising his arm in the Nazi salute, “Der Führer has decreed it. Tomorrow you and all your fellow-pupils shall to the class bring all the bones and bottles, rags and old iron which in the family rubbish-can you may find. Der Vaterland will of them glycerine, candles, fertiliser, porcelain, soap, typewriter ribbons, carbon paper, glue, guns and clothing quickly make. For the future, the Hitler youth shall their weekly holiday spend, that empty toothpaste tubes, silver paper, burned saucepans and frying pans, und so weiter, may to the new Weltanschauung of this our German land prosperity bring.”

An extract from a comic strip? Not a bit of it.

Only a few weeks ago the children of seven hundred schools in Berlin were ordered, as an experiment, to fill their satchels with bones, old metal and rags and to bring them to class so that they might be handed over to German industry to eke out the raw material which manufacturers are kept from buying abroad.

The economics of the “junk-heap”? What else? To such depths has Germany descended beneath the decrees of her warlords and of her economic dictator, Dr. Hjalmar Schacht.

Consider what the physical facts of German industry are. She has one of the most efficient industrial plants in the world, a highly trained and competent personnel, a disciplined labour force all working for low wages. She has only to give up her mad concentration on the manufacture of engines of death and she can have all the raw material she can find, or make the money to pay for. Prosperity awaits merely a return to sanity.

But because of the stranglehold of finance, dominated by the urgency of preparation for war, her children have to search in ash cans to find bones and scraps for industry to utilise, and her merchants face the scaffold and the headman’s axe if they dare to keep their money abroad.

“We cannot eat guns,” sigh the unhappy citizens of the totalitarian state. But Dr. Goebbels blasts his propaganda through press and radio across the land, and the sense of frustration is turned outward against the wicked nations who have robbed the German people. “If only we had our lost colonies back again we should all be prosperous once more.”

Yet all the world knows that when Germany had her colonies she never got any raw materials that mattered from them.

The raw material demand is dishonest. Despite Dr. Schacht’s drastic rationing of foreign exchange, Germany imported in 1936 more raw material than in 1929, her last year of comparative prosperity. There was this difference, however: the greater proportion of the 1936 imports were for armaments; the greater proportion of those of 1929 were for food.

“Guns instead of butter” is both a slogan and the literal truth. So Germany’s deluded working-millions are going through a winter of discomfort and some hardship because there is a lack of essential foodstuffs. In the streets of the larger cities huge crimson posters warn housewives to register their requirements of butter, lard, margarine, bacon and other fats, else they will be overlooked when distribution is made.

The cost of living rises. Wages are immovable but their purchasing-power steadily falls. The general standard of living declines. Nevertheless, the German people, inured to belt-tightening and held down by the Nazis’ elaborate domestic spy-system, will get through this present winter without overt expression of discontent.

The strain is growing, of course. Sporadic strikes and dozens of secret arrests of “Bolsheviks” tell their own tale. But there is work for all except the surplus million; and the expenditure of £2,500,000,000 on the devil’s machinery of war—spread over the last four years—has given a fictitious appearance of prosperity.

The Hitler who four years ago could say, “If in four years things are not better than they are today the people can

tear me to pieces and even crucify me,” now appears before the nation boasting of triumph. He has reduced unemployment and reorganised the national life—whether for good or ill—and provided sports grounds and labour camps for all.

But let us see what is the real news from Germany in those four years—apart from speeches. Nothing has been more characteristic of the transformation that has overtaken 66,000,000 docile and decent people than the extraordinary grip which the Nazi party, working through Dr. Schacht and the bankers, has secured on the whole business, economic and financial framework of the Reich.

The State, that is to say, the Nazi party oligarchy, now controls where it does not dominate, the commercial, agricultural, industrial and financial operations of the nation. In his oration to the servilely-welcoming Reichstag the Leader announced the return of the Reichsbank to “the sovereignty of the Reich”—meaning that in future the Reichsbank would cease to hold a subordinate membership of the Bank of International Settlements at Basle. Because he is neither financier nor economist he has never noticed that the Reich itself is returning to the sovereignty of the Reichsbank.

The economic control of Germany, in actuality today, recalls that of Soviet Russia in its earlier phases. Price-fixing with unlimited fines and long terms of imprisonment as penalties, has been imposed on wholesalers and retailers and those with services to sell.

The law governing “economic sabotage” provides the death penalty for any German sending his money or securities abroad or for failing to bring his fortune home if ordered. Karl von Ossietzky, the Nobel Peace prizewinner, would have been liable under this law to death at the headsman’s hands if the £8,000 awarded him had not been promptly sent to Germany.

All German holders of foreign securities must deposit them in banks authorised by the Government to deal in foreign exchange, presumably so that the Government may imitate, if necessary, Signor Mussolini’s agile method of financing his Ethiopian war.

Factory-owners and the controllers of big businesses have to fill in hundreds of forms required by the State before they can effect a single business deal. Wages are fixed, and the number of employees, and the quantities of raw products that may be bought. Farmers must grow the crops they are told to grow and deliver quotas of supplies at fixed prices. The penalty for failure is a long term of imprisonment or—General Goering’s favourite punishment—death.

In a word, National Socialism as it exists in Germany at present, spells bureaucracy gone mad.

Consider one obvious aspect of it. There are half a million state employees daily engaged in nothing else than the administration and interpretation of the 800 or 900 decrees, laws and regulations issued every week from one government department or another!

A bureaucrat’s paradise! Red-tape beyond all dreaming! And beneath it all the manufacturer and the farmer and the businessman take the risks of their ventures, including beheading, while they get none of the benefits of state interference except an occasional subsidy.

How the great industrialists whose money helped to bring into existence the Brown Shirt army to “liquidate” Socialists and Socialism must rue their shortsightedness! The Socialists might have chastised them with whips, but whips are preferable to Hitler’s scorpions.

All this development of what the Nazis call Wehrwirtschaft, or defence economics, is, of course, justified as a measure required to make Germany a great power able to levy blackmail on other nations by threat of war. Suddenly the City of London seems to have discovered the fact. Bankers there no longer talk in terms of respect about Dr. Schacht and his wonderful cleverness. Neither is there the same eagerness to lend Germany more millions of British capital.

The bankers, at last, observe that a loan to Hitler means, if not much-needed help in that rearmament which has so drastically cut down German buying of foreign products, at least an aid to her four-year plan of self-sufficiency or else indirect assistance to her export subsidies.

The City, with a good many millions of its money still tied up by the standstill agreements of the crisis year 1931,

looks at Germany—and buttons up its pockets. It mutters a few nasty remarks about the gangster tyranny which has forced Europe to become an armed camp, and about the dictators who worship force and have shown no hesitation in using murder as an instrument of domestic and foreign policy. And it leaves it at that.

“To what a condition,” wrote Thomas Mann, the famous German philosopher, recently to the Dean of Bonn University, who told him his name had been struck off the roll of its honorary doctors, “have its rulers brought Germany in the last four years. Ruined, sucked dry, body and soul, by armaments with which they threaten the whole world; holding up the nations and hindering in their task of peace; loved by nobody but regarded with fear and cold aversion by all; she stands on the brink of economic catastrophe while her ‘enemies’ stretch out their hands in alarm to snatch back from the abyss so important a member of the commonwealth of nations.”

### “L’Experience Blum”

As Germany descends slowly towards the economic shadows, France climbs equally slowly towards what Premier Blum and his Cabinet hope will prove to be the economic sunlight. But the French are not out of the hole yet.

They have had their loan of £40,000,000, nominally for their railways, from a British banking syndicate, headed by Lazard Brothers, Morgan Grenfell, and N. M. Rothschild & Sons. They expected much more because, as the French railways are state owned or subsidised, the money really goes to the government.

They have declared themselves “secure against a further crisis,” apparently because industrial production—much of it due to armaments—has continued to expand, unemployment to lessen, the yield of taxation to grow satisfactorily and savings banks deposits to augment in small towns and in rural districts.

They have allayed industrial strife and made further progress towards a “balanced economy” such as Premier Blum planned from the outset. But the national treasury still stifles in debt. It needs about £340,000,000, and of that amount no one knows whence £240,000,000 is to come. Perhaps the tourists who are expected to flock to the Paris Exhibition after the Coronation will bring it? If not, there must be more taxes, more loans, and more juggling with “ordinary” and “extraordinary” budgets.

This means more burdens on that large and vocal class in France, the rentiers. They do not forgive a second devaluation of the franc, and so—if they are big private investors—they send their money to London or New York and deprive the Bank of France of its gold. The French workingman resents the continual rise of retail prices. All the advantages he gained by reason of a Socialist Government holding power—his higher wages, shorter hours and social services—are nullified, in great measure, by the dearness of living. He is begged by his Prime Minister not to ask for a further rise in wages and he is promised a fresh campaign to “prevent the producer from abusing the excess of demand over supply.” Said excess applies only to those commodities that are needed for armaments. The French workingman is eating less and wearing less in recent months, because the cost of living is now 91.1 per cent compared with 77.8 per cent, six years ago.

On the whole, however, “l’expérience Blum” makes headway, modified by occasional subterranean struggles between the Treasury and the Bank of France as to the best policy to be followed in a given case. These struggles are not serious. M. Vincent Auriol, the Socialist Finance Minister, is as orthodox in his financial outlook as any Bank of England governor.

### ITALY’S BIG DEFICIT

No more than Hitler in Germany or Blum in France has Mussolini in Italy succeeded in coping with the monster of national finance. It grows and grows, like Alice, in a wonderland of its own—a sort of nightmare fourth dimension. Italy faces a deficit on her budget of £35,000,000, due to her new naval and aerial armament programme, her huge public works projects and her bonuses for the heroes of Ethiopia. Nothing is said about capital to develop that semi-tropical wilderness. Apparently no provision is made for the cost of conquering the new “African Empire.” That puzzle is left for the future to solve.

Meanwhile, German financiers have already got a foothold in the conquered territory. The Bernhard Berghaus group of Berlin have formed an Italian-East Africa Mineral Company, jointly with a syndicate of Italian capitalists, to exploit the mineral riches of Ethiopia, as and whenever found. They are to explore for iron, coal, copper and lead, and should they find these raw materials a new and friendly source of German rearmament requirements will have been opened. This concession is Mussolini’s reward to Hitler for refusing to impose sanctions on Italy in her defiance of the law of nations. Germany feels especially gratified at such a mark of esteem.

Though nothing spectacular has marked the domestic economic scene in Italy in the last three months, life, as in Germany, has undoubtedly grown harder for the ordinary citizen. Food prices are high, wages are low, the falling-off in war-production, apart from specialised rearmament, has caused additional unemployment, and Ethiopia, so far from becoming a home from home for the willing emigrant, remains still as insubstantial as a mirage in one of its own deserts.

## FINANCE AND ALLIANCES

Poland and France have signed a financial agreement, of which little has been heard in the British press; but its significance has not been lost in Central Europe.

The Polish Government, having at last taken over the French shares in the great Zyrardow textile company—a subject of friction for years past—France has agreed to a loan of £26,000,000, nearly half of which Poland must take in the form of war materials. The rest are credits for the Bank of Poland, credits for the Polish Treasury and other less obvious aids. Thus, at one wave of the financial fairy godmother's wand, Poland finds her military potential increased, her budget finance re-established and her national bank made happy.

There is, in consequence, a noticeable cooling-off in diplomatic relations with Germany. Money talks; if with less delicacy than the diplomat, at any rate with more conviction.

Poland's economic revival still lags. Polish industry lacks capital. Export markets have not recovered, nor has the poverty of the peasants undergone any amelioration of late. But arms pile up and the factories are busy.

“Prosperity” deriving from eventual slaughter is presumably better than no prosperity at all.

In the Balkan lands, Germany still does business on a barter basis, and gains at the expense of Italy by paying 30 per cent above market prices for agricultural products

In Norway, Sweden, Denmark and Holland, discussions have taken place for a currency agreement and a revival of the Oslo convention of 1930, which decided not to raise tariffs or introduce quotas without preliminary consultations. Here Denmark proves an obstacle. She is under heavy economic pressure from Germany and dare not offend her powerful neighbour by giving too many trade concessions to Scandinavian friends. The trend of Danish trade at the moment is towards Germany, and one member of the Inter-Scandinavian Economic Council blames Britain for this. Foreign exchange control, he says, has been forced on Denmark with consequent restriction of her commercial expansion.

The hand of the banker once more.

Austria and Germany have signed a new trade pact. Its chief significance appears to be that it deprives Hitler's followers in Austria of their main argument—that trade cannot revive between the two countries without Austria's incorporation into the Third Reich.

The Central Banks of Greece, Yugoslavia, Rumania and Turkey, forming the Balkan Entente, have refused to join Britain, France and the United States in their recent currency stabilisation agreement. But they want to join the Bank for International Settlements at Basle. The rest will follow.

On the world situation as a whole, the International Labour Office at Geneva finds that unemployment has decreased in all countries except Austria and Switzerland. But the I.L.O. does not forget to emphasise what the world slump has meant—and may mean again—by quoting the figures for January 1933. In that month, the world unemployment index showed a peak rise of 320 per cent on 1929. That is to say, in the sixteen countries which kept unemployment statistics there were no fewer than thirty millions of wage-earners, men, women and children, “reduced to poverty and despair.”

The next Great Slump will mean more millions still.

# Credit Control or National Extinction: the Choice that Confronts the English People

By D. E. FAULKNER-JONES

THE writings of Major Douglas and of his many gifted supporters have revealed to us not only the mechanism of finance, but also the general attitude to life of those most nearly concerned with the control and the manipulation of that mechanism.

It seems clear that the earthly paradise of the financier *pur sang* would of necessity be commensurate with the whole planet. His system could work in flawless perfection if all raw materials, all means of transport, all currencies and all labour conditions could be controlled from a central point; if, in fact, humanity could be organised on the model of a gigantic electrical power station. The financier as such—like all who have caught a glimpse of the ideal—is impelled inexorably along the track which leads to this final expression of his own highly specialised intellectuality: an intellectuality in essence as cold, as ruthless, and as powerful as a machine in action.

Finance therefore strongly opposes humanity's tendency to form individualised groups united by common thoughts and feelings; for all such groups of necessity impede the world's progress towards the goal of centralisation.

It matters not to the financier whether groups are united through lofty thought and noble feeling, or through the basest passion: he fears and distrusts all alike. Hence he is essentially an internationalist: he has a genuine, deep-rooted, intense desire to destroy all national differences and distinctions. Where he cannot destroy, he vigorously denies their existence.

Now, common humanity and common sense alike tell us that the sphere of economics ought to be international: every human being on earth has a natural right to his fair share of the goods that earth can produce. The very differentiations of the earth's surface and climatic conditions demand that men shall hold material things as common possessions. Healthy-minded scientists and industrialists heartily desire that their work shall benefit mankind as a whole: they, like the financier, are natural internationalists. Unlike the financier, they put their faith, not in mechanised centralisation, but in the free initiative of individual men, working either separately or in groups.

Social Credit started as a spiritual impulse direct from the beneficent international consciousness of the engineer. In Major Douglas the Christian internationalism of true science confronts the devil-inspired internationalism of finance.

But the intensity of this spiritual drama has inevitably focussed the attention of Social Creditors on the international aspect of finance, and on the economic sphere which all technical science exists to serve. They tend to forget that nations whose roots lie deep in the historic past, and which were powerful, conscious group-entities centuries before modern finance and modern technical science made their contemporaneous appearance in Europe, must obviously be held together by strong forces essentially different from those which, in the good or in the evil sense, work towards internationalism.

Social Credit writers frequently imply that finance actually, not potentially, is a unified international power that can impose its will on all the leading peoples of the world. But history suggests that exactly the contrary may be the case: that everywhere financial policy has always been profoundly influenced by the desires of those who have obtained control of the nation and know how to make use of its spiritual and psychic strength. Science and finance were both the offspring of a consciousness entirely different from that of the best type of humanists, from whose ranks the most enlightened spiritual and temporal rulers of the European nations have, until recent years, sprung.

It is not surprising that even the best-intentioned of these men were at first unable to grapple with the rapid, unprecedented social changes brought about by machinery, and that these very changes made it possible for the helm of state—in every country—to be seized, secretly, by men astute enough to perceive how the new conditions could be used for their own personal benefit. Personal ambition is a great producer of precocious, one-sided intelligence: the mind of the disinterested man ripens far more slowly than that of the clever careerist, and thus, unfortunately, adapts itself less quickly to changed conditions. The history of England from 1694, of Germany since 1870 and of 20th Century Japan, provides ample proof of this hypothesis.

In England, since the early 19th Century, for example, financial policy has gradually destroyed agricultural land-values, on which was based the wealth of the native aristocracy, and has at the same time, by steadily penalising the individual industrialist in favour of the bond-holder, skilfully built up new moneyed “British” upper classes, whose wealth is based on loan-investments. In this composite aristocracy, members of the three non-English countries of the British Isles figure quite as prominently as the English, and apparently regard England as belonging to them—in a social and spiritual sense—quite as much as to the English: a consummation by no means foreseen by our English ancestors.

In Germany, Bismarck and his successors have ensured that far other conditions prevailed. Finance was made to uphold the native German aristocracy, more especially the Prussian Junkers, whose estates to this day are very generously subsidised, despite repeated protests of taxpayers. Home agriculture and home industries were protected by high tariffs; but the concentration of credit on a relatively small number of all-powerful industrial houses effectively prevented the creation of too many wealthy rivals to the feudal aristocracy. Whoever controlled German credit after the war performed the feat of ruining the rentier classes, while carefully preserving the estates of the Prussian Junkers.

The present world-picture suggests that there is now proceeding a stern battle between finance in its own true nature, which is at once international and pacifist, and the various groups which, for evil ends, have in every important and powerful country seized control of national credit. The phenomenal growth of armaments suggests that the group-controllers have decidedly gained the upper hand in this struggle. The financier, as such, dreads another war; he knows that another war would inevitably expose his closely kept secret. The group-controllers would know this, too, were they not blinded by the primitive passion of racial egoism: for in each country they represent not the nation, in its true spiritual sense, but the racial element which forms the natural—as opposed to the spiritual—basis of unity for a potential nation-group.

The outbreak of war, if present conditions continue, seems to depend on whether the cold, passionless machine-intellect of the financier proper can overpower what is perhaps the most ancient psychological driving-force known to man: perverted racial passion, which can be compared in its nature only to perverted sex passion.

Now the most extraordinary and mysterious feature of the battle is the attitude taken up by those who control credit in this country. It is no exaggeration to say that the British Empire, in this year 1937, is the only inadequately defended Great Power in a world bristling with offensive weapons. In America, France, Italy, Russia, Germany and Japan, finance has been forced by the controlling national group to permit vast expenditure on armaments. But precisely opposite conditions have obtained here: we have been steadily denuded of our strength, with the tacit consent of all our leading men.

It is impossible to suppose that in England alone—the oldest and most firmly established European nation of the post-Christian world—natural patriotic feeling is so deadened that finance can entirely ignore national interests and pursue quite untrammelled its own international ideals. Our leading men cannot shirk their responsibility for the present state of affairs. A large number of them must have consciously and deliberately approved post-war financial policy. It is they—not the bankers, who in other countries have been made to obey national rulers—who will be most directly responsible if a sudden attack is made on the helpless massed population of England and the other countries of the British Isles.

It is not difficult to see why, in the British Empire, the controlling group has been driven against its will to produce results diametrically opposite to those produced in the other important countries. For more than two centuries the secret of credit-control has been preserved, in the case of this country, among a relatively small group of leading men: a group whose personnel has been constantly changing, but whose “spirit” has remained unchanged.

During the war, Major Douglas, from a point outside this inner ring, discovered the secret, and in 1919 had the courage and initiative to do what no other discoverers had ever done. He proclaimed the secret to the whole world.

Hitler observes in “Mein Kampf,” a book which reveals an uncanny knowledge of the sinister undercurrents of man’s lower passional nature:

“ . . . part of the secret of being believed lies in the size of your lie, since the broad masses of the people, in the depths of their hearts, are probably corrupt rather than consciously and intentionally evil, and will therefore, in the primitive simplicity of their minds, be more easily taken in by a big lie than a small one; for very likely they themselves sometimes lie in small things, but would feel too ashamed to indulge in a really big lie . . . An untruth of this kind would never occur to them, they will never be able to believe in the possibility of such

insolent, scandalous distortion, even when it has been proved untrue, yet for a long time they will have their doubts and hesitate, or at least take some part of it as true; therefore, however impertinent the lie, part of it will always stick—a fact which all who have been great artists in lying, all the lying conspirators of this world, know only too well, and therefore, in their meanness, exploit.”

The British credit controllers are worthy rivals to Hitler in their knowledge of mass-psychology; they have relied on this knowledge—have played desperately on every weakness of the average man—ever since the publication of “Economic Democracy.” It is this fight against the spreading of the truth that has absorbed their attention to the exclusion of every other factor. They are blind to every outside danger, because all their faculties, for the past seventeen years, have been focussed on this problem of guarding their precious secret from the foes within their gates.

Our leading men of every type, industrialists, professional men, aristocrats, even churchmen of high rank, must have been perfectly aware of the danger; and they, too, have been so absorbed by the fear of losing their privileged position that they have been, and still are, more or less indifferent to every other form of calamity. It is a psychological fact that excessive fear of one danger can make a man unable even to perceive the approach of a second and greater peril.

The credit-rulers of the British Empire, having been first in the field, already control so large a proportion of the earth’s surface that they are satisfied with their dominant position, and have no desire for further wars of aggression. The long centuries of blindness on the part of their dupes must have made the sudden light cast on their credit all the more horrifying. To have won the world war—merely to be despoiled of their glory! Their secret terrors have led them to adopt a policy which coincides with the natural pacifist policy of finance proper— and, alas, with the wholly good, natural tendency of all sane human beings, to loathe war and to distrust those who appear to be preparing for war.

The result of this threefold drive of widely differing motives is the present dramatic situation, which can be summed up thus: The British Empire in general, and England in particular, cannot be quickly placed on a fully adequate defence-basis without an expansion of credit so sudden, so large, and so obviously specialised that it would be almost certain to betray to even the dullest mind the fact that the banks create, by the simple means of printing it, the money they purport to “lend” to the nation, and on which they levy perpetual interest out of taxation.

The whole object of the present Government is to avoid this denouement at all costs: and the present jubilant tone of the official press shows that our rulers have actually succeeded in persuading the leading men of the country that, whereas they themselves know how to deceive the world with clever half-truths, the public utterances of Hitler and Stalin are to be taken at face value; and that it is possible to out-manoeuve the militarist credit-controllers of Germany, Russia, Japan and Italy by means of the financial “Triple Alliance” recently engineered between the British Empire, America and France—backed up by the common sense of the financier, who, whatever his nationality, is bound always to oppose war through the instinct of self-preservation.

“Scrutator,” in the Sunday Times of January 17, gave naive and classic expression to what are evidently the sentiments of all who in the British Empire benefit personally by the present financial system:

“If it be asked how we can ever expect to finance a war when warlike preparations threaten new taxes at a time of increasing revenue, the answer is simple enough. We cannot. Another war like the last could only be paid for, if at all, by wholesale robbery or revolution or both.”

The last half-dozen words are the lash by which our leading patriots are brought to heel whenever they point too insistently to dangers abroad. For, let there be no mistake about it, the present financial system confers very real benefits on large numbers of our fellow-countrymen: privileges to which frail human nature cannot help clinging with the utmost tenacity. Those who do not possess them need not be over-virtuous in their attitude to those who do. Nevertheless the English upper classes, whether they know it or not, are probably now face to face with a decision on which the destiny of humanity may well depend. If they persist in their tacit consent to the withholding of the necessary immediate and full financing of our defences—which include the feeding of the undernourished masses—they are risking the destruction of England.

The writer deliberately uses the terms England and English, and with no intention whatever of giving offence to any Scot, Irishman or Welshman. It is not sufficiently realised that, according to unassailable official figures, 82 per cent of the casualties in the last war were English, although the English formed only 57.5 per cent of the total white population of the Empire. The remaining 18 per cent represented the rest of the United Kingdom, together with all

troops of overseas Dominions, white and coloured. The large number of English-born Empire soldiers amply offsets men of non-English origin included in the English returns. The mistakes of a higher command very largely non-English lead an impartial mind to speculate whether the English did not pay very dearly for the co-operation of the other peoples of Britain. Be this as it may, the fact remains that the brunt of another war would fall again on the English: and their enormous numbers, concentrated in so small an area, make the English masses the most vulnerable target in Europe.

Finally, there are still many Englishmen for whom the England of Chaucer, of Shakespeare, Elizabeth and Drake, of Cromwell and Milton, of Nelson and Wellington, Wordsworth and Jane Austen, still means something quite different from "Britain" or the British Empire. They might be willing to sacrifice for England privileges they would never give up for Britain. Surely Social Crediters have sufficient imagination to comprehend this. Indeed it may well be that exalted and beneficent national feeling will prove to be the only driving-force strong enough to conquer both evil internationalism and racial madness.

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A brief survey of post-war financial difficulties may help to clarify the present situation. From 1918 onward the special temper of our people, their genuine honest belief that they govern themselves democratically through Parliament, and the necessity for keeping up this illusion, have made it extremely difficult for those who control credit to manage the financial situation created by the Great War. Their immediate task, in 1918, was to maintain the public in its belief that the War had been financed through money lent by private citizens. Now, since the total amount of money in existence in 1918 was very considerably greater than the total amount in existence in 1914, notwithstanding the fact that we had been spending more than a million a day for several years, the feat of persuading people that all this cash had been "lent" was no easy one. It was achieved, but only at the price of buying America's silence. If America had insisted strongly and openly on the repayment of our immense debt to her, there would have been no alternative but to expose the real truth. The so-called "investors" in America no more desired this exposure than our own rulers; but they pressed their advantage home and made Britannia give up her title of Mistress of the Seas. It is not improbable that our victorious fleet—the magnificent defence we had built up—was scaled down to gratify American pride. If we are now unable to protect our coasts, let alone our food routes, future historians may well find a very potent cause in the financial control exercised by America over us in the first years immediately after the War, when our financial policy was watched over directly by an American adviser. This control existed not because we owed America money: it existed because our Government could not pay America the true debt we owed her—which was a debt in goods, not money—without explaining to the public the secret of credit-creation. It was quite easy to persuade the English to weaken fatally their first, and essentially unaggressive, line of defence: their Navy. The instructed press ingeniously "smote the chord of self, which, trembling, passed in music out of sight." There was a shameless press exploitation of every generous emotion, every heart-throb of repentance for the four years' butchery, which a healthy instinct made us feel to be a common responsibility of all the participants, enemy and allies alike. During the high tide of this emotion, our Navy was quietly shorn of its strength.

The snake was scotched, not killed; she soon reared her head again, and has gone on rearing it higher ever since. The recurring difficulty which faces our rulers is this: practically all our income tax is swallowed up in paying interest on the huge "debt" owed to that widow's cruse which fed us so magically during the war.

The social structure in which we live is founded on the people's ignorance; it can last only so long as the public remains imbued with the conviction that the National Debt is a debt of honour, and that interest charges on this debt must have the first claim on the national revenue. The same basic cause makes it vital that none of the British Dominions should repudiate loans negotiated originally by their own Governments on the security of revenue raised by taxation.

The current charges of our elaborate state social services on the one hand, and of national defence on the other, must also, like debt-interest, be met out of revenue raised by taxation. Any departure from this principle immediately rouses suspicion: the people at large have no knowledge of the source of the money in general circulation; they think, in so far as they think at all on this subject, that there is a fixed amount of money in the country, and that the central Government and separate municipalities must necessarily obtain money either by taxation or by borrowing. Since borrowing implies interest charges and eventual repayment out of taxation revenue, taxation is, they are convinced, the only ultimate source of national revenue. Excessive borrowing must obviously seem to the ordinary citizen, educated for more than two centuries to accept the theory outlined above as a kind of political and financial religion, a thriftless, dangerous expedient, one which can lead only to the ultimate crushing of the taxpayer under unbearable burdens. This theme has been, indeed, ever since the war, the main standby of leader-writers in all the great dailies.

Now, since the income tax is swallowed up annually by National Debt charges, it is easy to see what difficulty successive Governments have found in endeavouring to make ends meet. In brief, they have had to choose between scaling down the social services and scaling down our defences. The third and only remaining way was to reveal the secret of credit-control, and set about rebuilding the whole fabric of our national life on an entirely new basis. They made their choice deliberately: they chose their path, and chose it with the tacit approval of all the influential men of this country. They chose to sacrifice national defence, using the League of Nations and the people's genuine horror of war as stalking-horses to cover their real motives. They were afraid that if they cut down the social services beyond a certain point there might be a revolt of the starving masses, led by bankrupted and beggared middle-class men. Their difficulties were sharpened by the steadily growing power of the Social Credit Movement. From 1919 onwards a gifted band of enlightened men have been keenly on the watch for irregularities in the issue of public credits, ready and able to turn such irregularities into further proof of the Douglas hypothesis. It must be admitted that the knowledge of this unfriendly scrutiny has been a serious handicap to our rulers in their mad two-sided duel of wits with America on the one hand and the dictators on the other. Rather than run the risk of losing their privileged position, the composite aristocracy and upper middle class of this country have acquiesced in the course shaped out by those who control financial policy.

It is difficult to write without emotion of the suffering, spiritual, mental and physical, which has already been caused by the decision, taken in 1918 and adhered to with blind obstinacy, to preserve at all costs the secret of credit control. But as yet only half the price has been paid. The full horror of what that decision implied has yet to dawn on the English people. It would have been quite possible, even had the people desired complete disarmament, for us to have so developed our own agriculture that, in case of attack from outside, we should not have to fear immediate starvation. Food supplies were a source of infinite anxiety to us in the last war; but in any future war the difficulty of getting food ships safely convoyed across long sea routes will be dwarfed by the problem of unloading the food in ports menaced continuously by bombers, and of transporting it along rails and roads vulnerable to air attack. As things are, we could not, as our continental neighbours could, quickly transfer even the child-population of our great towns into country districts, with the full certainty that these districts could provide them with at least the basic foodstuffs. Even the most ardent lover of peace could not logically have objected to the encouraging of our farmers, by a judicious use of credits, to produce the maximum quantity of food for the nation's use; nor could peace-lovers have taken alarm had our Government arranged for ample reserves of food supplies, stored in the best ways known to modern science, to be placed systematically within range of our massed urban populations.

Unfortunately the master key to the working of the present financial mechanism is the loan-investment system; and the successful working of loan-investment has entailed automatically the destruction of English agriculture. Understanding of this knotty point is now so widespread that a very brief *résumé* of the system will suffice here.

The essence of loan-investment, in so far as it concerns the people of this country, is that the foreign borrower takes a specified amount of goods produced here, and in return pays interest on his "loan" by sending to England a regular annual supply of his own products, which are sold in our markets for English money, the English money so gained being handed over as interest-payment to the person in whose name the original bank credit was issued. The root idea of this clever device is to ensure that the "lender" gets a regular income. Repayment of the loan is not desired; and since repayment would be accepted only in English money, the borrower would have to sell goods here to the full amount before he could get out of debt.

Now the countries which are most willing to take machine-made goods are undeveloped lands which can send back in return only agricultural products. The domestic policy of successive British Governments throughout the 19th Century, and the commercial relations between the United Kingdom and all her colonies, dependencies, dominions and spheres of influence, have been dominated by this one all-important fact. The swollen populations of our towns have been kept turning out vast quantities of manufactured goods, to be absorbed by foreign or colonial country-dwellers. Money has been issued to the workers only in the form of wages, and in such small quantities that they could buy only the barest minimum of the goods they produced. At the same time they have been imbued with the idea that they cannot possibly have even their miserable wages unless all the goods they produce are sold somehow.

Export has thus been made to appear a necessary condition of existence for the industrial worker. On the other hand, the beloaded foreigner has never been allowed to pay off his debt in kind; he has never been allowed to exchange goods against goods directly. He has been taught that he must pay for the manufactured goods he has been encouraged into accepting either in gold, of which he has little or none, or in English money. There is only one way for him to get English money: he must sell food products directly in the British markets, to those who possess the wages doled out to them by the banking system. The foreign or colonial farmer may have his barns bursting with food, but he cannot pay off his debt to the British investors except in so far as he can sell food in the British market.

The investors really desire that the creditor shall be able to sell annually just enough to pay good interest on the debt, but never enough to enable him to get out of debt altogether. By this ingenious device a steady income is secured to any person in whose name bank credits are issued. All modern wealth could be traced back ultimately to new bank credits.

The device ensures that, while a few people possess very good incomes, the majority are kept poor, working for wages and thankful to anyone who will offer them a wage. It is to the upholding of this beautiful and delicately poised system that English agriculture has been sacrificed. Our rulers have ruthlessly bankrupted the farmers whose magnificent work helped to save us during the war; they have driven ex-service men out of the poultry farms and small holdings in which they were hypocritically advised to invest their scanty savings and war-bonuses—even helped by “instructors” appointed by a Government which fully intended that English people should eat as many Chinese eggs as possible; otherwise how could the Chinese pay interest on their “loans”?

Not only English agriculture was sacrificed; the agricultural development of the whole British Empire has been entangled and frustrated in this same web of lies. It is obvious that there must come a point when the Colonies and Dominions begin to produce more food than the poorly paid British wage earners can absorb. This awkward situation has been developing apace ever since 1918. Naturally the only thing to do was to destroy this surplus food, and punish by fines those farmers who were so foolhardy as to go on producing it or trying to sell it off cheaply. In the United Kingdom our hard-worked Milk Board has already imposed over £23,000 in fines, and the Potato Board £15,000. Our rulers have, in fact, not only cut our defences down to the bone for the sake of keeping the finance-mechanism intact, but have been frantically pitting themselves against nature; frantically destroying surplus food instead of storing it; rendering us excessively and unnaturally dependent on immediate overseas supplies, while at the same time they have made it impossible for us to defend adequately our sea routes and ports. In their anxiety to make us as helpless as possible before any outside foe, they have even earnestly destroyed a maximum amount of our merchant shipping, to

“make assurance doubly sure,  
And take a bond of fate.”

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While this drama has been playing itself out in England and in the British Empire—with America in the dual role of open chorus and secret actor in the tragedy—outside the English-speaking world other dramas have unfolded themselves in swift and subtle movements. Until the last third of the 19th Century the British had a practical monopoly of world credit-power; but from 1870 onwards world politics have resolved themselves into a struggle between opposing groups for world hegemony. It is obvious that in every nation the credit-mechanism has been seized by some group which makes use of it to mould the masses to its wishes; just as our rulers mould the people of this country. Now these groups are groups of human beings, animated by human passions and human ambitions. They are not, like our own finance directors, held in check by the fact that they have to rule secretly people who have long established political rights and century-old traditions of freedom. In Germany, Russia and Japan, as in Italy, the populations are, compared with the English, helpless and inexperienced, unaccustomed to even the abstract idea of self-government. If the control of credit is a strong power in the hands of those who exercise it here in England, it must be of tenfold strength in the hands of those who have mastered it in countries which have no traditional roots of freedom.

The dictators are just as likely to desire world hegemony as those British and American subjects who at present, as the final expression of their self-destructive fatuity, are congratulating themselves on having imprisoned the dictators in a kind of financial magic circle. Indeed it is more than likely that desire for world domination springs up automatically in the passional nature of any men who find themselves in possession of a mechanism by which they can control secretly, but with absolute precision, the lives of millions. It has often been noted that racial and sexual abnormalities awaken the desire to exercise cruel power over others. The reverse process is also not unknown to psychology. A man may be normal in mind and feeling, but give him unlimited power over others, and the very act of exercising this power awakens in him abnormally strong stirrings of that animal self which it is our spiritual task on earth to conquer and transmute. The credit mechanism, which for two centuries has been used perforce with a certain caution and restraint in this country, and which has been counterbalanced continually by the cultural and political genius of the English people, has since 1918 in all parts of the world passed into the hands of men inexperienced in the use of power, yet absolute in their sway over vast populations; exposed therefore to temptations greater than we in this country can well imagine. Against what these groups can set in motion, maddened as they are by the drug of power, and driven inch by inch through our financial encirclement into a fusing of their heterogeneous ambitions, we are left with no defence but a worn-out repertory of 19th Century paper tricks, which our rulers apparently imagine

capable of baffling gigantic armed might.

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The writer is of opinion that the political union of Scotland and England, occurring just at the historical period when banking and technical science made their almost simultaneous appearance in this country, has played a greater part than is usually realised in shaping the financial policy of England, and hence of the British Empire.

The English aristocracy had for two preceding centuries lived on their country estates, and the exceptionally wealthy temporalities of the Church and of the Universities had provided lives of learned leisure for their younger sons. They were by tradition the ruling class; they had marked political ability; they gave many brilliant leaders to the Army and Navy; but the whole historical evolution of the country had cut them off, necessarily, from a living, practical comprehension of trade and commerce: still less were they able to comprehend and control the rapid industrialising process which, in a miraculously short time, transformed the face of England.

The educated classes of Scotland, and also those of Ireland and of Wales, were entirely different in type. Not one of these countries, either before or after their union with England, has produced a parallel aesthetic culture in any sense comparable to that which the English have created from the time of Chaucer onwards. Centuries after England had become a united, politically self-conscious entity, the surrounding peoples were still in the midst of clan rivalries, and never succeeded in creating a firmly-knit, stable, social and political organism: in Scotland, for instance, the Highlanders were not brought under the control of the central government until after the union with England.

But the advent of technical science and finance, in the 18th Century, revealed that the non-English peoples, and more especially the Scots, could produce in large numbers a type of man who, though by birth and education he belonged to a class corresponding to the English nobility and gentry, or to some professional class, possessed nevertheless, as his most fundamental characteristics, qualities which among the English appeared most often in the successful, self-educated industrialist or merchant. In short, he combined the façade of the gentleman, and the intelligence of the professional man, with the business acumen, the ambitious, pushful, driving energy, of the kind of person who, in England, almost always sprang from the working classes, and was, until recent times, handicapped all his life by lack of education and social sense.

It is not surprising that the English upper classes gradually came to rely on the help of men of this type in dealing with economic affairs. Nor is it at all unnatural that gifted individual members of the non-English peoples were quick to recognise, not only the vast potential power inherent in the English masses, but also the advantages which they might win, for themselves and their compatriots, by using cleverly the weaknesses of the English gentry; they inserted themselves skilfully into the threefold class-division which had always formed the basis of our strong social fabric, and which was in harmony with the national characteristics of the English people until the 19th Century.

The practical use made of credit control in England, from the early 19th Century onward, certainly suggests that representatives of the non-English peoples were very influential members of the group which determined general financial policy. This hypothesis is well supported by the history of the 20th Century; war revelations and the story of the post-war years suggest that the specifically English element in the controlling group has come near to being completely overmastered. By what other hypothesis can we account for the fact that a quite disproportionately large number of much-sought-after key-positions, in the most vital and important spheres of national life, has, since 1914, been given to men who are not of English stock? Our managed press—largely in non-English hands—is, by a persistent and obviously deliberate use of the terms “Britain” and “Briton,” rapidly training our people to forget that their country is England and that they are English.

To those who have a feeling for symbols, it is very significant that our present King stepped to his throne shortly after he had been made Grand Master of the Grand Lodge of Scottish Masonry; that he is to be crowned by a Scottish Primate, who began life as a Presbyterian; that apparently no one objects to his being simultaneously Head and Defender of the English Church and the highest official representative of an occult order based avowedly on pre-Christian conceptions and practices; and finally that the King’s official representatives in the Dominions and in India, during this fateful Coronation year, are all Scots.

It is reasonable to suppose that the desire to guard the credit secret is, in this country, sharpened and intensified by the fact that many of its most dominating possessors are haunted by a secret fear of losing their present power to control the vast resources, the initiative and the ability of the English people; to command full native rights in a land not their own; to enjoy all the historical glory of the English genius, by transferring it to a Britain which includes the Scots, the Irish and the Welsh on terms of complete equality. For obviously it is by no means improbable that if the

English ever shake off their strange lethargy and rise in strength to demand control of their own credit, the same access of vision and power might also make them resolve to be once again masters of England.

Such a *dénouement* might be the best, in the long run, for the whole English-speaking world. A breaking not only of our financial bonds, but also of the political ties that bind in an unnatural union four races which each have distinctive and valuable gifts, would be the best solution of the problem of “Britain versus England.” Given financial freedom, each would probably develop best in separation, and separation need not imply dis-union. The highest spiritual unity comes not from a fusing and obliterating of differences, but from the free flowing together of many highly differentiated units. A federation of free, separate, relatively homogeneous English-speaking groups could create unity on a plane far higher than that of either the present Britain or the present British Empire. Strong nationalist movements already exist in Scotland, Ireland and Wales. Why not an English national movement, based on the right of the English to possess their own land, to control their own credit and to defend England against the appalling dangers which now threaten her?

The will of the English people belongs primarily to a complete national entity, of which the whole cultural, political and social evolution of England, from earliest times, is the expression; and within this entity, at historical turning points, the national consciousness, religious, aesthetic and social, works in spiritual harmony with hidden impulses which stir the masses, they know not how or whence. The international elements of technical science and finance have, in the last two centuries, taken so firm a hold of the national life that we are easily apt to forget what every English poet from Chaucer to Rupert Brooke has known intuitively—we have fallen innocently into the very trap which the controllers of our press have laid for us. They know well enough that, strange as it may seem to the rational, scientific intellect, it is useless to stand before the magic door which seals the mighty reservoir of the English will, saying, “Open, Britain!” and appealing to motives rooted in enlightened self-interest. The key word is “Open, England!” The master-motives have been expressed, in varying forms adapted to varying ages, not only by the greatest English writers, but by a long line of inspired men of action, whose deeds have spoken, revealing clearly the unique power of creative will which is the essence of the English genius.

## Fundamentals of Social Credit in the Teaching of Jesus

By THE REV G. R. ROBERTSON, M.A.

WOE unto you, scribes and Pharisees, hypocrites! for ye tithe mint and anise and cummin, and have left undone the weightier matters of the law, justice and mercy, and social credit: these ye ought to have done, and not to have left the other undone. Ye blind guides, which strain out the gnat and swallow the camel.”

The Greek word πίστις, which is here translated “social credit,” is generally and quite accurately rendered “faith” in the New Testament. In this saying of Jesus it is obviously used in another quite ordinary meaning it had in the Greek language, namely, “faithful dealing” between man and man. So it is translated by Weymouth in this passage. Again in Paul’s Epistle to the Galatians it is used in the same sense: “The fruit of the Spirit is love, joy, . . . faithfulness” (R.V.). Here the word is translated “good faith” by Weymouth, “fidelity” by Moffat, and rightly. While it would be an anachronism to say that what is meant is “social credit” in any modern technical sense, it is certain that the fundamental idea is the same. Jesus is saying to the religious leaders of his day that man’s trust in the reliability of his neighbour should be the outcome of true piety, and, as such, should be the concern of religious leaders and teachers, if they are functioning properly.

Paying of tithes and burning of incense were only the phylacteries of religion, social justice and “credit” were weightier matters.

The word has an obvious message for religious leaders in our day or in any day, who say they (or “the Church”) are concerned only with “spiritual” matters. Economists and others are only too ready to take them at their word and say “We keep our moral categories in one compartment and our economic categories in another” (Sir Norman Angell). Prof. Tawney, an economist of no mean repute, describes the consequence: “The quality in modern societies which is most sharply opposed to the teaching ascribed to the Founder of the Christian Faith . . . consists in the assumption that the attainment of material riches is the supreme object of human endeavour.”

The Founder of the Christian Faith would have saved both religion and human society from this error, and would save them today if we not merely said “Lord, Lord” to Him, but attended more closely to the things He said, and

endeavoured more earnestly to act according to them. He did not divide human life into compartments, spiritual and material, religious and secular. God's writ ran everywhere, and God's love was nowhere more apparent than in the rain and in the sunshine. If men and women desired to appear on the right hand of the Great Judge, they must learn to feed the hungry and clothe the naked.

That this was His prevailing attitude is shown by his favourite quotation from the Old Testament, "I will have mercy and not sacrifice," which is the summing up of the prophetic message as opposed to the priestly. An even more striking illustration of His identifying Himself with the prophets rather than with the priests is in the incident of the cleansing of the Temple. There He quotes from Jeremiah: "My House ... ye have made it a den of robbers." Jeremiah said, "Will ye steal, murder, etc., and then come and stand before me in this House which is called by name, and say 'We are saved'? saved! to do all these abominations? Is this House become a cave of robbers in your eyes?" Jesus repeats the warning of His great predecessor against making religion a cloak for injustice and oppression. It is noteworthy that it was the bankers whom He drove from the Temple precincts: "cutters," and "clippers," are the suggestive names the New Testament has for these gentlemen!

Only if we realise that this was our Lord's point of view can we interpret aright His conduct and His teaching. It was "seeing the multitudes" that He preached to them. He really saw them, not merely in synagogue and Temple, but as farmers, gardeners, builders, traders, kings, bankers, employers, fathers and mothers, and children. All human life had a material and a spiritual aspect, not separately, but whole. So we ought not to "spiritualise" away His parables into nothingness, but interpret them in terms of human life; the life of His own time certainly, but also the life of all time. If His thought, speech, and action had not supreme accuracy and rightness, the record of them had not survived the centuries.

"Render unto Caesar the things which belong to Caesar; unto God the things which belong to God." Matthew, the Inland Revenue officer, reports this incident with greater insight and accuracy than either Mark or Luke. When Jesus was asked, "Is it lawful to pay tribute to Caesar or no?" He said, "Show me the legal tender of the assessment." Put in this light, the question answers itself. It was Caesar's business to provide people with a just currency, as it was his to provide just weights and measures, and Caesar was entitled to the cost of government; but Caesar was not entitled to any more: "The earth is the Lord's and the fulness thereof." What is GOD'S currency? What has GOD'S image and superscription stamped upon it? Why, MAN! "Inasmuch as ye have done it unto the least of these My brethren, ye have done it unto Me."

Caesar was entitled to payment for service rendered, but he was, like other people, only a steward of God's bounty. He was not entitled to issue currency and tax people as if the whole world belonged to him!

The parable of the unmerciful servant applies to modern history with an aptness, which is uncanny and almost fantastic. A debtor, owing the king £2,000,000 (ten thousand talents), is summoned, and, at his own request, is granted a moratorium: he goes out and takes by the throat a man owing him £5 (a hundred pence), saying, "Pay me that thou owest." He refuses to forgive his fellow-debtor. So his fellow servants tell the king, and the big debtor is re-arrested, and his moratorium is cancelled. "So likewise will My Heavenly Father do unto you if ye from your hearts forgive not every one his fellow." That is, it is necessary—Divine Justice requires—that the big debtor be severely dealt with and restrained in order to protect the small ones. Now notice the weird resemblance, even in detail, and the fatal difference in our day: In August 1914, a moratorium was declared for all debts above £5! Again in 1931 the Bank of England came to Parliament with a request in the following terms: "It is, in our opinion, in the national interest that we should be relieved of our obligation." They could not pay; yet they were left with power to make other people pay, to make other people bankrupt, and to press for other nations, provinces, and municipalities to "pay me that thou owest"!

Divine Justice would not have forgiven the big debtor a second time: It would have declared his "debts" to be public "credits." One of the effects of our modern government's refusal to dispense divine justice (the justice of the parable) was that the unwise king (the British Government) had to go bankrupt himself; we defaulted to America. Our debt to America had been contracted in wartime, when the basis of our credit was the nation's currency, symbolised by the King's head on the Bradbury. This was not a false promise to pay gold, but "a sight draft for goods and services in Great Britain: a Government security is a long draft for precisely the same thing." We could pay our debts now on that basis.

Then there is the parable of the wicked husbandmen, who refused the owner of the vineyard "the fruits in their season." They stoned and beat his messengers; and when "last of all he sent his son also, saying, 'They will reverence my son,' they said 'This is the heir, come let us kill him, and the inheritance will be ours.'" Commentators agree that

this parable requires very little interpretation. The “heir” is Jesus, Who by and by was crucified. And yet the real point is generally missed, just because we fail to see how close to life it is, and forget Matthew xxv. 40. Jesus is the Son of Man, the representative Man, Who comes for the fruits of God’s vineyard in their season. No man or set of men are entitled to claim the earth and the fruits of it themselves. We are all “heirs of God and joint-heirs with Christ,” as Paul says; as He Himself says, “I was hungry and ye gave Me meat.” Give is the proper word: “Give us this day our daily bread”; “Give ye them to eat.” Life and the means of life are all the gift of God. “Your Heavenly Father knoweth that ye have need of all these things.” And if we seek first the kingdom of God, all these things (food and clothing) shall be added unto us.

In the Kingdom of God, as Jesus visualised it, there would be no need to worry about food and clothing. So Jesus thought possible even then! How much more today, when science and machinery can produce all things in such abundance! But the best our statesmen can do (even when they abandon the gold standard) is to raise the price level and to keep it raised. They still keep the issue of credit in central hands, still assume that the vineyard is theirs, and they continue to kill the heir; for nobody is to have any right to anything except he be a producer and work. How different is our Lord’s teaching! Labourers in the vineyard are to be paid according to their human needs, whether they have worked one hour or twelve. The faithful (πιστός) steward is he who sees that his fellow servants get their portion of meat in due season. The unfaithful enjoy it themselves, and oppress their fellow-servants. And Jesus does not mince His words when He says what should befall the unfaithful steward and the wicked husbandmen.

In the face of all this the Minister of Agriculture, Mr. W. S. Morrison (who came from the Treasury), speaking at Shell Mex House on November 10, can say, “There is a profound economic aspect of unemployment . . . . The only device which man has yet discovered by which the wealth of society can be distributed is by work for wages in field, factory or office.” Mr. Morrison might with advantage read Matthew xxiv. 45 *et seq.*

Two other fundamental ideas of Social Credit in Jesus’s teaching are better known, so that *causa brevitatis*, we merely mention them: His regard of Mammon, the god of wealth, as the deadly enemy; and His profound conception of democracy. “Take heed that ye despise not one of these little ones: it is not the will of your Heavenly Father that one of these little ones should perish.” The rich who scorned the invitation were left to themselves, and the marriage feast was thronged with the blind, the lame, etc. Perhaps the most significant gesture towards the democratic idea, God’s trust in every man, is the fact that our Lord chose twelve horny-handed sons of toil to be his disciples, and only one of them failed to justify His choice, and allowed himself to be corrupted by finance.

## New Saw

Humanity is a crazy bee  
Which throws away its honey,  
And clutters up its useless comb  
With heaps of paper money.

## The Alberta Experiment

### An Interim Survey

By MAJOR C. H. DOUGLAS

#### CHAPTER I

#### *Province and Dominion*

ALTHOUGH the population (740,000) of Alberta, with an area of 255,200 square miles, is less than the population of the City of Glasgow, it is safe to say that there is in these critical days in the world’s history no portion of the world’s surface which is potentially of greater importance. The return to power in August, 1935, of a Government headed by Mr. William Aberhart, a school teacher of Calgary, with a backing of 57 out of 63 seats in the Provincial Legislature, and the return of 17 Members at the subsequent Federal Election to the Dominion Parliament at Ottawa

under the label of Social Credit, who thus became the second largest party in the official Opposition, constituted the first conscious and open challenge, on the part of a governmental body, to the orthodox financial system. It would be difficult to overstate the magnitude of the issues involved in this challenge, and it is probable that we have to go back to the agitation and the preliminary situation antecedent to the abolition of slavery to obtain any parallel. One of its more immediate repercussions was the election of a Labour Government in New Zealand in November of the same year, relying for electoral support, to a large extent, on the Douglas Social Credit Movement of New Zealand, not formally committed to its policies.

No understanding of the events which led up to these occurrences and their subsequent history, so far as it has been written, is possible without, in the first place, a recognition of the conditions existing prior to the election, and of the organisation and constitution of the governmental body. It seems to me, therefore, desirable to consider Alberta as being fairly typical of conditions existing in less easily recognisable form in most Anglo-Saxon communities, and to regard the Province, as indeed it has been termed, as “the laboratory of political experiment.”

There are, however, local peculiarities to be borne in mind. While the Provinces of Canada are sometimes contemplated, more particularly by Members of the Federal Government at Ottawa, as entities whose sovereign powers for essential purposes are not much greater than those of an English county council, it is certain that their populations do not so regard them, and it is probable that the idea is, both in fact and in law, erroneous in certain important particulars. For instance, while Federal Law has effect throughout the whole of Canada, judicial power is vested in the Provinces, and, certainly so far as civil law is concerned, it appears to be the case that the courts are functions of the Provincial Governments. This is also true in all matters affecting property and civil rights. But in addition to the legal aspect, the very wide expanse of territory which is involved, and the immense power of public opinion, probably reduces the practicability of Federal action in opposition to a hostile Provincial opinion even beyond the confines which are set by law. The character of the population, chiefly agricultural in interest and more than one-third of it drawn from German and Ukrainian farming and peasant stocks, renders it specially vulnerable to mass agitation and more inclined to accept the printed word and the radio speech at their face value without submitting them to the more cynical criticism of Anglo-Saxon civilisations. It may be noted that the laws governing broadcasting permit the rapid dissemination of new or unorthodox ideas to an extent which our British broadcasting system has been careful to inhibit.

While this distinction between what is practical and what is legal under the British North America Act, which is the Statute concerned with the relations between the Provinces and the Federal Government, is of real and perhaps fundamental importance, the Act confers upon the Dominion Government certain reserve powers which it is necessary to bear in mind in considering the situation. Probably the most important of these is that of Disallowance. In the case of the Provinces, the right of disallowance of any legislation is conferred upon the Governor General of Canada, as representing the Crown, and can be exercised within one year of the passing of the legislation. This power has been exercised on several occasions, chiefly in connection with Bills alleged to impose direct taxation, which is within the sole competence of the Dominion.

During the Alberta election campaign, Mr. Brownlee, probably the most competent Prime Minister in Alberta's history, and an eminent lawyer, declared, apparently upon information, that if any Government in Alberta were to pass legislation for the purpose of establishing a system of Social Credit, such legislation would certainly be disallowed at Ottawa. Whether this view is correct or not on legal grounds is probably not so important as a consideration of the sanctions which could be imposed by either side in the event of a clash of interests. It was mainly with this conception in mind that I took up the matter on my first visit to Alberta as Chief Reconstruction Adviser to the Government, and my views upon it are contained in the First Interim Report to that Government, which is printed in Appendix I.

A suggestion, which has received some prominence, to the effect that the Statute of Westminster automatically modifies the relationships of the Provinces with the Dominion should, I think, be considered mainly from this aspect of realism.

## CHAPTER II The Debt Situation

If an explanation of the causes of Mr. Aberhart's victory in 1935 were required in one word it could be given. That word would be “debt.” The refusal to deal with the consequence of debt—taxation—is a complete explanation of the early failure of Mr. Aberhart's policy, and a warranty that such preliminary failure will not be accepted by the population as in any way a solution of its problems.

To understand the extent to which the Province of Alberta, in common with other Western Provinces in particular and the world in general, is riddled with debt, perhaps the simplest method of approach is to bear in mind that the major portion of the population enters the Province, whether by immigration or birth, in possession of little or no money. The Province does not grow money, it grows wheat. The earlier settlers were for the most part homesteaders, taking up a free quarter-section (160 acres) of Government land which they developed. They required money for seed, for wages (where they employed labour), for agricultural implements, as well as for amenities. They obtained this money from branches of the eastern banks which were established on the prairie, giving as security promissory notes, repaid when their produce was sold, and generally secured by chattel mortgages. Without, at this time, going into the technicalities of loan creation, it is obvious that even in regard to this aspect of the matter, the population collectively had to obtain a profit of at least the bank rate of interest (frequently eight or nine per cent) from outside the Province, in addition to selling its produce at a price which would cover all the expenditure on its production, together with the cost of living, the purchase of fixed capital assets, etc., in order to be free of debt at the end of the year, even without having obtained any debt-free money. To illustrate the extent of this process, an instance brought to my attention in Alberta is instructive.

A branch manager was sent out by one of the eastern banks to a small town in central Alberta, and debited with a loan of 20,000 dollars at five per cent interest, the 20,000 dollars being in the form of the bank's own currency notes. Within six months of opening his branch of the bank, the official in question had loaned \$600,000 on the basis of his \$20,000 in bills, and had in his possession \$80,000 in bills, due to ordinary banking business. This situation had, of course, been achieved through the well-known principle that every bank loan creates a deposit. The average rate of interest charged on the \$600,000 was eight per cent, so that the profit on monetising the borrowers' credit was \$48,000 per annum.

The foregoing situation probably constitutes the base of the debt structure of the Province. Superimposed upon it is the bond system, forming the basis of municipal and similar taxes. As the Province developed, road-making and public works, administrative buildings, and other amenities were financed by the simple process of selling bonds to the local banks on the security of the taxing power of the local authority, a situation not unlike, and probably more onerous than, the rating system in Great Britain. The banks thus became, in effect, the perpetual mortgagees of all public works, and either drew interest upon the bonds at a high rate, or sold them to the public at inflated prices. The money issued in return for the bonds formed a major source of the circulating medium of the Province.

Still higher up the scale were the Provincial loans floated in New York, London, and Eastern Canada on much the same principles and forming, in effect, a mortgage on the Provincial taxing power. The funded debt of the Province amounts to approximately \$1,000 per family. But it has to be remembered that the taxing power of the Dominion, both direct and indirect, extends to the Provinces, so that, in addition to municipal and Provincial taxes, the unfortunate citizen is taxed as a citizen of the Dominion of Canada, this taxing power being the basis of immense Dominion loans held in London and New York, the proceeds of which are largely used for objects in which the Western Provinces are not interested.

Similarly, the great majority of real property transactions and building operations involve the creation of debt, both in respect of costs of construction, in most cases carried out with borrowed money, and also because they automatically become the basis of an assessment for taxation purposes, Provincial and Federal. The latter situation has become so serious in such cities as Edmonton and Calgary that in many cases house property of the most modern and eligible type has been shut up and lies unused, not because it is not urgently needed, but because the taxation upon it makes it impossible for the ordinary individual to occupy it. The result of this is to narrow the base of the taxation pyramid, and to increase the various forms of taxation upon property which is occupied. Thus still further property is driven out of use.

In a country which is essentially rich but which is subject to extremes of climate, the physical consequences produced by these financial causes are difficult to realise otherwise than by personal experience. With a temperature ranging from over 90° Fahrenheit in the summer to under 50° below zero in the winter, adequate housing and heating are matters of life and death rather than mere comfort. In spite of this, flimsy shelters constructed of old packing material and containing a cheap stove kept at red heat in the winter can be seen in many parts of the Province, housing a man, his wife, and small children, even the most primitive sanitary arrangements being lacking. Cases of such cabins catching fire in a raging blizzard are frequent, and the hardship which attends such existences is barbaric. The conditions of labour upon the primitive farms (not to be confused with the well-developed homesteads which can also be seen in the more settled portions of the Province) are inhuman. During the summer, in which there is practically no night, eighteen to twenty hours physical work per day, of the most exacting description, is usual. Yet in spite of this, it is a commonplace for a homesteader, after having put in ten or fifteen years of grinding labour, to

abandon his farm to anyone who cares to occupy it and assume its debts and taxes, the displaced family moving to Edmonton or Calgary to be kept at the expense of the community. It is against this background that the appeal of Social Credit and its promise of dividends for all must be judged.

### CHAPTER III

#### Preliminaries

To understand the events which led up to the return to power of a Government and Legislature bearing the novel title of "Social Credit," it is necessary to turn back to the early years of the Government which preceded it, that of the United Farmers of Alberta. Elected as a Progressive Government under Mr. Greenfield in 1921 by a large majority, and as a result of the revulsion against the old Liberal and Conservative parties, the establishment of the United Farmers' Party in control of the Legislature at Edmonton had the usual result of sending a body of Federal Members bearing the same party label to Ottawa, prominent amongst whom were Mr. William Irvine, Mr. Henry Spencer, and Mr. Woodsworth, the latter now the leader of the small but active Co-operative Commonwealth Party.

Largely through the disinterested publicity given to Social Credit ideas by the Ottawa Citizen, and to the obvious necessity of finding a policy which would contrast favourably with that of the older parties, Mr. Irvine conceived the idea of making the decennial revision of the Bank Charter Act an opportunity for bringing the subject of finance before the Canadian public in a dramatic form. A considerable number of distinguished witnesses were invited to give evidence before the Parliamentary Committee on Banking and Commerce in 1923, amongst whom may be mentioned Professor Irving Fisher, Sir Frederick William Taylor of the Bank of Montreal, Mr. Henry Ford (who did not, however, appear) and many others. A cabled invitation to act as the principal witness for what might be called the prosecution was sent to me, and I left for Canada by the first available boat and remained there for about three weeks. Four days friendly examination by Mr. Irvine, interspersed with a good deal of hostile and perhaps justifiably irritated cross-examination by members of the committee with orthodox views, did not, I am afraid, do very much more at that time than to demonstrate that Social Credit propaganda had a long and hard road before it. While Messrs. Irvine and Spencer, with the never-failing support of the Ottawa Citizen and its Editor, Mr. C. A. Bowman, continued to inoculate the Parliamentary debates with some of the ideas of the new economics, the rising prosperity of the North American Continent, in which Canada to some extent shared, rendered their efforts for the next six years apparently (although not, as the event proved, really) unfruitful.

The value of the work done in these early years was revealed in a somewhat dramatic fashion in the autumn of 1929, when it so happened that I passed through Ottawa as a delegate to the World Engineering Conference in Japan, which was held in November of that year. I had in 1923 concluded my evidence with a prediction that persistence in orthodox financial methods would, within a comparatively short period of time, involve the world in a financial catastrophe. At a friendly dinner given to me in early October 1929, when, it will be remembered, the whole of the American Continent was still on the top of the world's greatest boom, I was gently chaffed in regard to this prediction and asked when it would be fulfilled. Knowing that I should be out of the country by then and feeling that, at the moment, there was not much to lose in Canada, I replied that I would not be surprised if it happened within a month of that time, which, in fact, it did. If these words should meet the eye of my kind hosts on that occasion, I can assure them that I was a great deal more surprised at the immediate accuracy of this prophecy than they can possibly have been.

The speeches of Messrs. Irvine and Spencer had, of course, from time to time been reported in the Alberta newspapers, and the subject had taken root. Most unfortunately, it had not been incorporated in the official policy of the United Farmers' Party, and it was left to Mr. Aberhart to carry the matter a step further.

NOTE. — These are the first three chapters of "The Alberta Experiment" (Eyre and Spottiswoode, 6s.), which contains four Appendices, including the correspondence between Major Douglas and the Government of Alberta, August 24 1935-March 24 1936, and the text of the Alberta Credit House Act.

## Finance and War

By THE RIGHT HON. LORD STRABOLGI

THE creation and issue of money in the Middle Ages was a Crown monopoly. \* A relic of this monopoly is the Royal Mint and our present token coinage. The creation and issue of currency-money then became, by processes into which I need not enter, the prerogative of central banks of issue, private concerns in some countries, public concerns

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in others. The even more important cheque money and commercial credits became the business of the private banks, and then of the joint stock banks. Almost the first result of the Great War was the assumption of control of the issue of currency, or rather its resumption, by the Treasury.

\*Lord Strabolgi delivered an address on January 6 at the Social Credit Club, Sheffield, based on the subject of this article.

When the war was drawing to a close, the Cunliffe Committee hastened on with the preparation of an interim report on how the Bank of England was to be constituted for the future. The City and banking interests were powerful enough to induce the Government of the day to give back to the Bank of England its former functions, monopoly and privileges.

During the War the joint stock banks retained their autonomy and made immense profits out of the national needs. They created two thousand million pounds of bank credit and lent it to the nation at five per cent. £350,000,000 was raised in the first War Loan at 3½ per cent, but investors were required to subscribe only £95 for each £100 worth of stock. \* There was not \$350,000,000 of real money in the country, and the State, in effect, received credit from individuals, companies, insurance companies and banking houses.

\* This was by way of an inducement. A further inducement was that the “public” could borrow the £95 from the banks. —Ed.

The second War Loan was issued at par at 4½ per cent interest, and the holders of the first loan were allowed to transfer into the new loan. For the third War Loan at five per cent, only £95 had to be subscribed for each £100 of scrip and holders of the old loan were allowed to convert. And so the game went on, the banks reaping a rich harvest at each transaction.

I can skim over the post-war events. The great postwar deflation, the premature return to the gold standard, the world slump, which set in during 1929, and the departure from the gold standard as a consequence of a fictitious financial scare in 1931. But the latter events may yet prove to be a blessing in disguise. During the last five years the initiative has passed again to the Treasury. By means of the exchange stabilisation fund the Government is now in a position to control the money of the country and the banking system acts only as the agent of the Treasury. \*

\* The ostensible control of the banking interests by the Treasury was no doubt due to the unpopularity of the Bank of England. —Ed.

The Government controls not only the volume of money but the purchasing power of money and all the various rates of exchange of money. This has been another of those silent revolutions at which the British excel, like the break-up of the great landowning class, which is still going on. With the currency agreement between Britain, France and America the position is defended by a joint exchange stabilisation fund of £850,000,000. It should be noted that this currency agreement is between the three Treasuries of the countries concerned and not between the central banks; but how it will eventually benefit the consumers in these countries remains to be seen. The present Government is engaged in raising the price of raw materials and basic commodities. It might just as easily raise the standard of living of the people by increasing their spending power.

The danger of the situation lies in the possibility of a successful counter-revolution. By this I mean that if the present Government foresaw electoral defeat it might rehabilitate the Bank of England in its independent and monopolistic position in order to make things more difficult for a Left or Left-Centre Government.

The next operation of the Government to show that it had taken the control of currency entirely out of the hands of the banking system was the appointment of the Ottawa Monetary Committee. \* On that Monetary Committee there was not a single banker. The Cunliffe Committee and the Bradbury Commission in 1924 had been practically all bankers. But the Ottawa Monetary Committee was a Committee of statesmen and businessmen, and the Government entrusted this Committee with devising a monetary policy for Britain and the British Empire. And they proceeded to make what appears to be the most revolutionary official monetary report which has ever been issued.

\* At the Imperial Economic Conference at Ottawa, 1932, a committee was constituted to consider monetary and financial questions in the following terms:

“Consideration of existing inter-relationships of the various currencies and monetary standards of the Empire, and of the desirability and feasibility of taking steps to restore and stabilise the general price level and to stabilise exchange.”

The Ottawa Monetary Report of August 1932, contains four distinct departures from currency orthodoxy, and is therefore worthy of some attention. It is laid down that:

1. The Government should control international currency, and provide an abundance of short-term international currency to such an extent that it would raise the world wholesale price level.

To suggest that the Government should make the pound sterling not a standard of value but a lever to raise up the world wholesale price level was in itself a revolution.

2. The discount rate of this short-term international money and the general interest rates should be as low as financial conditions permit.

This meant that the Government resumed control over interest rates, with a much more stringent control than had been exercised in the past over usury loans, since the Government controlled not only the rate of interest of loans but the volume of money as well.

3. After raising the world wholesale price level to equilibrium point the Government should stabilise that price level, but not on gold. It should stabilise on a price index or what the Americans call a commodity standard.

The actual words used were: "To a level more in keeping with the exchanges and with the burden of debts and interest and with fixed charges." Thus the pound sterling, when it had raised world wholesale prices to the necessary level, should stabilise on a commodity standard.

4. The foreign exchanges should be stabilised, not by means of the gold standard, but by the index price policies of the participating nations in raising the world wholesale price level and stabilising it afterwards.

This report was received by the British press almost in silence. *The Times* relegated it to a subsidiary page, in small print, and in the leader said that the report did not make any spectacular proposals for dealing with the situation. No one knows what *The Times* expected, but the proposals were such that they attracted the full attention of statesmen and businessmen. Some of them looked upon the report as a message of deliverance, and accepted this paper currency that the British Government proposed to make. In effect, they said, "If the British Government is going to provide an abundance of international short-term money at the lowest rate of discount possible, that is exactly what we want. We don't want gold, we want to get rid of those stagnating commodities going mouldy in our warehouses and on our docks for the last three years, because international currency has failed. Now the British Government promises to provide international currency in abundance, and that is what we want." These 21 nations promptly formed a sterling group, with the intention of carrying out their international trade on paper sterling rather than on gold. Anyone who studies the course of production, or any graph showing industrial prosperity, will find that, whereas the production of those 21 nations was previously going down, since the adoption of sterling it has gone steadily up; whereas those countries who remained faithful to gold have gone from bad to worse.

Social Crediters will at once see the flaws in these monetary proposals. The problem of consumption has been apparently overlooked, and we must turn to Social Credit for the solution. But what I have said about this Ottawa Monetary Committee is, I think, worthy of attention because it shows that Governments are realising that something must be done about money; and in spite of scanty information and press boycotts, the public is becoming more and more alive to the menace of finance and the hidden power it wields on the lives of each one of us, and people will snatch at almost any proposal which appears to offer some relief.

It is only fairly recently, however, that the public has realised the extent of the control exercised by the money power during the last war. They realise now how the controllers of this power organised the creation of hundreds of millions of unnecessary debt, and they see the power of the men who inflated rates of interest and burdened us with an interest debt of a million pounds a day. The full story of the great finance ramp of the Great War has yet to be written. But the fact that there are so many schemes for "monetary reform" is encouraging in that it is further proof that the public is becoming increasingly conscious of the danger of the money power. That the public as a whole would ever agree to any one system of monetary reform is doubtful; and that is why I, personally, find myself in agreement with the policy of the majority of Social Crediters today—namely, to demand RESULTS, and to leave it to the experts to decide HOW these results are obtained.

We know what Governments can do in war, and what they can do when they steel themselves to do it, in the post-war period of unsettlement. It is obvious that the money-prison in which mankind suffers is an edifice of straw. Even if gold were still looked upon as a currency basis, the world output of gold is increasing every year; the increased output of Russian gold rivals the Rand, and may surpass it. But gold is only a fetish. Sterling is already approaching a commodity value.

Why is it that only in time of war can great efforts be made without money restrictions? For example, Turkey, and her five wars in rapid succession. During our own war the standard of living rose steeply and the nation, although burdened with debt, emerged actually richer in real wealth than it was in 1914. But the post-war prosperity, the

“boom” of 1919-20, engineered by the financiers, was followed by a policy of deflation, also engineered by the financiers, which brought real misery to the whole world. Industry slowed down, unemployment by the million became a fixed feature of our civilisation, deflation continued, prices and wages rushed down, and today we have the financial system to thank for the sorry spectacle of the distressed areas, the Jarrow marchers, hundreds of our fellow-citizens living on the borderline of starvation, and the rest of the horrors of which all of us are fully aware.

What could not be done in time of peace if man once recognised that he was the master of money and not its servant? If money can be created to carry on a war, then money can be created to enable every citizen of this country to receive a National Dividend.

In the Labour Party, my colleague, Thomas Johnston, and I publicly declared ourselves in favour of the issue of the National Dividend. I went so far as to urge it on the Government in a speech I made in the House of Lords, which the press for the most part ignored, and which the Government, as was to be expected, refused to consider.

The great Electoral Campaign, under the leadership of Major Douglas and the Social Credit Secretariat, for the abolition of poverty through the issue of the National Dividend is, however, making even more rapid strides than perhaps even the most optimistic of us would have dared to hope. The leaders of the campaign have reason to be encouraged and satisfied with the results of their work and the spread of their ideas; and those of us who are on the Left in politics are at one with Social Crediters in the desire to see poverty and want removed from our midst, and the danger of war removed. We want the real cause of war—the power of private and monopolistic finance—swept away.

But this can be done, as we all know, only when the people of this country realise that the power is in their hands, and they decide to use it.

## Marketing

By A. A. MCGUCKIAN

(A member of the Northern Ireland Pigs Marketing Board and a large-scale producer of pigs)

IT is not my intention to make any apologies for agricultural marketing schemes as they are presently developing themselves in the British Isles; nor do I intend to propound any pet theory or solution for the present chaotic position in which the markets of the world are floundering. This is intended merely as an outline of some of these schemes and the events which led up to their establishment in recent years, in a revolutionary attempt to save agriculturists and the primary producer.

Now, one cannot fully appreciate the significance of the new development, which in fact is truly revolutionary, without some acquaintance with the events that went before. In order to get the necessary background I propose to go back some time in the history of economic thought and development.

The early economists, starting with Adam Smith and continuing down through the 19th Century, saw their problem as one of scarcity. The things mankind needed were difficult to produce and could be supplied only by the unremitting hard work of every able-bodied man. It was difficult to produce and easy to sell. Out of this condition grew up the policy of *laissez faire*, the guiding principle of political and economic thought throughout the 19th Century, which emphasised the freedom and liberty of the individual to do pretty well as he pleased in economic or commercial affairs.

It was the policy of non-intervention applied in a far more absolute way than any form of “non-intervention” today. Competition was the driving force, that competition which not so very long ago we used to hear spoken of as the life of trade. There were no gluts, or if they did occur they were local and came about only because of the lack of transport equipment to move goods or crops from the area of origin to some other place where they were needed. The descriptive word “saturation” had not been thought of in its economic application. Production of everything was slow and costly in manpower, and demand seemed insatiable.

### EXPANDING MARKETS

With the invention of the steam engine a new power was placed in the hands of the industrialist; spinning and other

machinery rapidly followed. Transport over sea and land was organised, vast new markets were opened up, and a colossal expansion of trade and production of goods rapidly took place throughout the world. Under the stimulus of this new prosperity in industry the population of England grew from about eight millions at the beginning of the 19th Century to its present number of over 45 millions. England became, as the graphic phrase had it, the workshop of the world.

The constantly increasing millions of people needed more and still more food, and the cheaper the food became the cheaper the manufactures could be carried on. No restrictions of any kind could be allowed on the import of foodstuffs from any quarter. Throughout this period a certain equilibrium had established itself in the supply of the essential primary products, and a certain level of efficiency of production also was accepted. Agriculture at home was a stagnant and distressed industry, but there was always the opportunity for the farmer or his family to leave the land and go into manufacturing; that was the privilege which *laissez-faire* allowed him. If he found, under the stress of competition from abroad, that he could not sell his product at a remunerative price he could also go to some of the new countries and there produce under the newer and cheaper conditions.

Here I want to make it clear that at this time, though there was a progressive improvement in the technique of production and distribution, the supply of goods lagged behind the ever-expanding demand. The regulating influence of supply and demand operating on price kept markets reasonably stable and it became an axiom that these three factors were self-adjusting; that is to say, if supply showed signs of getting ahead, prices fell and producers regulated their action accordingly. In the next period less of the particular commodity would be produced, and the price would swing up to the average level; conversely, if supply fell off, or demand increased, prices rose and new productive effort was stimulated and again the average was established. But then a mighty event happened which shattered the nicely balanced equipoise. One hears the Great War blamed for many things; one thing it undoubtedly did was to throw into chaos the equilibrium of supply of primary products. For instance, before the War England, and indeed the greater part of Western Europe, looked to Russia for their supplies of wheat. If England was the workshop of the world, similarly the Ukraine was the granary of Europe. The great social and agrarian upheaval in Russia destroyed for the time being this vast source of supplies. Wheat became scarce and dear, and a new source of supply had to be found.

#### MODERN WHEAT PRODUCTION

Under the stress of war conditions, and with the stimulus of high prices, the Canadian farmer set out to fill the demand. Vast areas of fertile land were ploughed by huge steam ploughs, working night and day. It took a year or two to get properly going, but there was no limit to the potential supply of wheat from Canada. The scientist and the engineer had already begun to supply their quota to the new disequilibrium. New railways had been thrown across the continent of America. On the grain fields on vast prairie lands had appeared binders and combine harvesters, machines which made anything we have to show in our small-scale agriculture minute and toy-like by comparison.

At the Royal Show at Bristol last year I saw some of the new agricultural machinery in preparation for the Colonies. Although I had heard and read about these machines, they made me stand and wonder. Manufactured by John Fowler, maker of traction engines and steamrollers, one huge machine called a roto-cultivator, which sold for over £9,000, simply goes into a green field and produces a tilth ready for the seed. It weighs 20 tons, is built on caterpillar tracks instead of wheels, has powerful headlights and can work 24 hours a day. It has a 200 horsepower crude-oil engine and takes a 20-foot width. Many of these machines were sold at the show, and there were other agricultural machines on the same scale, suited to the vast expanses they had to work. As a farmer accustomed to the equipment we use here, I felt as Gulliver must have felt when he saw the knives and forks and other utensils in the giant's kitchen.

With equipment of this nature, Canada got to work to replace Russia as a supplier of the world's wheat. Australia followed suit and then Argentina. Meanwhile, scientists beside the engineer were busy. Professor Biffen, a botanist experimenting with wheat, had produced a new variety which ripened a fortnight earlier, and this new variety extended the wheat belt 100 miles northward, thus adding to the available world supply an area 100 miles wide across the whole of Canada and Russia.

The War was over. The people of the Ukraine settled down, beat their swords into tractors and combine harvesters, and started again on their fertile soil to grow wheat. By 1924 the total supply of wheat in the world was greater than the normal requirement before the War, and the new capacity was only beginning to get going. Prices were falling, but production costs were also low, through the new machinery and organisation. In 1924 the price of wheat was about 15s. a cwt.; in 1928 it was 10s. Although still profitable it was getting dangerous; and here we make contact with the first important marketing scheme.

## WHEAT MARKETING SCHEMES

The farmers of Canada who had put their money into wheat production thought they should do something to safeguard their position, and so joined together in a co-operative organisation which later came to be known as the Wheat Pool. Their purpose was to keep up the price. They borrowed money to take the surplus wheat off the market, built huge storage centres and proposed to feed the market with the amount it could absorb. Unfortunately for their plans they continued to produce; everybody everywhere continued to produce, and though by the operation of the pool the price was maintained until 1930, it then crashed. From 15s. in 1924 it fell to 4s. 6d. in September 1931. The pool had bought millions of bushels of wheat at high prices, but since no attempt had been made to regulate or control production, it was driven into bankruptcy, and the individual producers were to a large extent beggared.

A more or less similar state of affairs was coming into existence in the U.S.A. In 1929 the U.S.A. set up the Federal Farm Relief Board. Millions of dollars were placed at the disposal of this organisation for the purpose of maintaining the price of wheat. When the money was exhausted the Board had on its hands 250 million bushels of wheat, with more coming along. The only thing to do with this wheat was to give it away or destroy it, and this is exactly what the Relief Board did with vast quantities of their stock. Millions of bushels were given free to the Red Cross Society, to be shipped to China and other areas where famine conditions prevailed. Subsidies were granted to shippers to take the stuff away to wherever a dumping ground could be found.

But still the problem remained: how to find a market for the new crops coming along, and how to prevent the complete bankruptcy of the American farmers. In 1932 President Roosevelt took office. He tackled the problem by means of the Agricultural Adjustment Act, which, stated in simple terms, was an attempt to adjust agricultural prices to a previous remunerative level. Money was found by a process tax imposed on the industries which processed the particular crop, and the proceeds were used to compensate the farmers for the crops they were induced to refrain from growing. In this scheme other crops as well as wheat were included. Cotton, pigs, tobacco, etc., were handled in the same way.

## WEALTH IN COTTON AND RUBBER

Somehow or other the bounty of American soil had to be frustrated. Never before in the history of the world had mankind been snowed under with such an embarrassing downpour of wealth. Real and absolute wealth in food and the raw materials for clothing was coming along in quantities so distressingly great that it was making the unfortunate producers poor beyond our conception of poverty and destitution. I understand from people I frequently meet that the cotton belt and the wheat counties presented the saddest possible spectacle of desolation and poverty. The farmers there could grow the things we all need, but they could get no money.

The proposal was to reduce the acreage sown with a particular crop and to pay the farmer compensation for refraining from production. By the time the necessary legislation was passed through Congress, the 1933 crop was already in the ground. So the owners were invited to make contracts with the Government to plough in the growing crops of wheat and cotton. They might contract on various terms. They could buy cotton or wheat from the Government at a very low price up to the quantity of the ploughed-in acreage and also obtain 12 dollars per acre, or they could receive a straight 20 dollars for each acre ploughed in. In cotton alone 20 million dollars were conceded in the difference of price between what the Board paid for their stock and what the farmer paid them back. Hundreds of millions of dollars were paid to farmers for ploughing in their crops. In all, 10½ million acres of growing crops were destroyed.

There were and are other similar schemes relating to crops in other countries. The story of rubber is not much different. In 1909 the price of raw rubber was 12s. a lb. and production was stimulated until the price fell to 2s. a lb. The technique had improved and this price was still very profitable. After the War production began in earnest, and for years there was a neck and neck race between expanding supplies and expanding demand. In 1925 the price was 4s. a lb., but then the new capacity came into bearing and supplies began to come along. It was the same story as wheat and cotton over again. From 4s. a lb. in 1925, the price had dropped to 1½d. a lb. in September 1931. There was nothing for it but to restrict supplies, to destroy productive capacity and so let prices rise. That is briefly the story of the desperate effort to produce a remunerative price for wheat, cotton and rubber.

## COFFEE

In other countries and with practically every basic product, similar national attempts have been made. Coffee in Brazil presents an even more amazing spectacle of sabotage on a grand scale. For some years now the Brazilian Government has taken a hand in destroying the actual coffee, and quite ingenious methods have been contrived.

Factories have been built to take delivery of the coffee and mix it with tar and other materials to render it unfit for marketing for human consumption. Even this was not enough and finally ships were loaded with millions of bags of coffee and it was taken out and dumped into the sea. In four years about 35 million bags of coffee were destroyed in this and other ways.

We know something of similar efforts in the mining industries—tin, copper, nitrate and coal. But I have said enough to indicate that the day of scarcity as a problem is over. Competition as a driving force has ceased to serve a useful and necessary purpose. The concept of the individual tackling his own problem in his own way has gone and we should consider now how it affects us here in these countries.

#### AGRICULTURE IN BRITAIN

The farmers of Great Britain were open to the full blast of a world overflowing with the products of the great specialist countries. There is this difference between British agriculture and the new agriculture of the great new countries. Here our agriculture is general and for the most part on a small scale. Our work is spread over a large number of various products: grain and vegetables, sheep, cattle, pigs, poultry, milk, and so on. The climate is fickle and there is no large area of land suitable for any particular crop. The great producing countries are in most cases specialists. Wheat centres are Canada, America, Australia and Russia. Argentina grows maize and also has vast herds of cattle. Cuba and Java specialise in sugar—and so on over the face of the earth and over all the essential crops.

Home agriculture has never been a very profitable occupation, but in the ten years following the War it grew progressively worse, and a dry rot set in. Farmers could not pay a living wage to agricultural labourers, and thousands of people left the land. In the nine years between 1925 and 1934 over 150,000 workers left agriculture for good. The Government of the day became alarmed at the situation and decided to do something about it. Mr. Elliot, in introducing the Agricultural Marketing Act in 1933 said: “We have now come to the solution that we must make replacement-value the criterion of what we must ask the consumers to pay for what they consume, and this replacement value must be based not on the cheapest price at which the goods can be produced in specialist countries overseas, but on what it costs to produce them here at home . . . Agriculture must be made profitable and elevated to its proper dignity.”

#### THE MARKETING ACTS

The Marketing Acts introduced a new feature into the relationship between the producer and the market, since they aimed at giving the producer in some way a conscious control instead of the complete impotence which had always prevailed. It has been said that the farmer sowed in faith, reaped in hope, and when he came to the market he demanded charity; for in the past he had absolutely no say in the ultimate selling-price of his product. Market regulation and the question of price were arranged by the unconscious control of forces which seemed to be intangible. No one could ever say who made the decisions which fixed the price, or when these decisions were made. Agriculture was the one great industry that had no control over its commercial affairs. When a farmer sold his product, no matter what that product was, he had to wait until the buyer told him what he was proposed to pay for it. Similarly in the purchase of raw material and equipment, the farmers had to pay a price fixed by the seller.

Under the Marketing Acts schemes were set up for each basic product. For instance, there was a scheme for milk, one for potatoes, one for pigs, and so on, a Board being established to represent each product. This Board was elected by the votes of the registered producers. The Boards were given certain powers to regulate and decide prices and to control conditions within the industry. Their avowed purpose was to obtain a remunerative price for the producer, and this they endeavoured to obtain in many ways. Each particular scheme was based on some particular principle peculiar to the product, but they had the common method of controlling supplies to keep them below the level at which the price would fall to an unremunerative figure.

#### COMPENSATED WHEAT

The Canadian and American farmers' problem had its counterpart here. Wheat growing is an important branch of British agriculture, especially in the heavy land districts in the east of England. At the new price levels it became impossible to grow wheat. By far the greater part of the bread consumed in England is made from wheat from overseas. Only a fraction comes from wheat grown on the farms of the country, but though this is a small part of the total supply it is of great importance to the English farmers. Four years ago a Wheat Commission was established to look into this matter and make recommendations as to what should be done. As a result a device which one might call the compensated price was introduced.

The Commission decided that a price of 10s. a cwt. was necessary to recompense the producer for growing wheat and that the selling price should be made up to this amount. The money for this purpose was to be found by putting an import levy on all wheat and flour coming into the country. This was to be paid into a fund from which the payments, known as deficiency payments, would be paid. A limit was placed on the amount of home produced wheat which could be grown, and which would qualify for the deficiency payment. This was fixed at 27 million cwt. The average selling price of wheat for the year is ascertained. The farmer must take his wheat to certain recognised merchants who buy the wheat at the prevailing market price. The merchants pay for this and give the producer a certificate of the quantity of wheat sold.

Then at the end of the year the Wheat Commission posts the farmer a cheque for the difference between the average price for the year and 10s. a cwt., less a small amount for administration expenses. In 1935-36 the average price was 5s. 4d., which meant that the deficiency was about 4s. 2d. a cwt. Something like £7,000,000 has been paid to growers in each of the last three years as deficiency payment on the wheat actually sold. Home growers can be allowed to market only 27,000,000 cwt.; if they produce more, the payment is reduced. Last year the quantity was exceeded by five million cwt. and so the payments were less.

We in Northern Ireland feel we have a distinct grievance in this matter. We cannot grow wheat to any extent, and consequently cannot profit by the deficiency payment scheme, though we have to pay our equal share of the quota tariff on every sack of flour we import, and, of course, on every loaf of bread. \* The Farmers' Union has agitated for a similar payment on oats, as that is our main crop, but nothing has been done about it.

\*This "compensated price" is therefore illusory, since it is paid for by the consumer. —Ed.

Owing to the splendid teamwork between the various governments and the bad growing season, together with certain diseases which have reduced the quantity available, wheat prices are at this moment much higher than they have recently been. So, as the selling price is getting nearer to the 10s., the import duty on supplies coming into the country is now only a matter of a few shillings a sack, as compared with a year ago, when it was about 30s.

#### THE POTATO RIDDLE

The bulk of the potatoes required on the home market are produced at home, and so there was nothing much that could be done by limitation of foreign imports. The price of potatoes three years ago was as low as 15s. a ton and seemed to have settled down at that or some other very low figure. Some way of limiting the quantity available for the market had to be found. The device of the riddle was introduced. The Potato Marketing Board discovers early in the year what the total crop is likely to be, and, as it is known roughly what quantity is required, the Board prescribes a certain size of riddle, over which the potatoes for the market must be passed. The greater the estimated surplus, the larger will be the riddle, and so a smaller proportion of each grower's crop will be exposed for sale. In addition acreage is controlled, and any attempt at increasing the area under potato growing is punished by a fine.

#### MILK PROBLEMS

The Milk Marketing Scheme is based on the difference in price to be obtained for milk, which goes into liquid consumption, and for that which is made into butter. With the growth of transport in recent years those farmers who produced milk only in summer off the grass, for which they might get 3d. to 5d. a gallon for butter-making from the creameries, were invading the consuming areas where the regular suppliers who produced milk the whole year round, for which they received about 1s. a gallon, sold their milk.

In England, where 70 per cent, of the milk is consumed as liquid and only 30 per cent, is made into butter, etc., \* it is much easier to regulate than here in Northern Ireland, where it is the other way round. Here only 30 per cent of the milk is sold liquid and about 70 per cent is manufactured. In England a levy placed on the high-priced 70 per cent is used to subsidise the low-priced 30 per cent, and so bribe the remote farmers not to "knuckle in" on the preserves of their more fortunate brethren. A cynic might find resemblances between this and the methods by which the gangsters work their rackets in Chicago.

\*Etc., indeed! Professor Mellanby, in "Scientific Progress," mentions button and umbrella-handle manufacturers who obtain milk at 5d. a gallon.—Ed.

In Northern Ireland, where the bulk of the milk goes to the creameries to be made into butter to compete with New Zealand and Danish butter, this method would not provide the necessary funds, and so a subsidy or a kind of loan of £600,000 is provided. This is used to augment the price which the creameries can pay to bring the price the producers

have received up to 5d. in summer and 6d. in winter. I may say that any studies I have ever seen of the cost of producing milk place the cost at nearer 1s. a gallon. I am not a milk producer and I do not know how it is done, but I can assure you no farmer will run a motor car on the money he makes selling his milk to the creameries at 5d. or 6d. It takes 2½ gallons of milk to make 1 lb. of butter, and some time ago when New Zealand butter was selling for 7d. a lb. there was not much left for the unfortunate producer for a gallon of milk. \*

\* A record butter churning has just been put up by an Australian butter factory near Terang, in Victoria. The output for one day was 9¾ tons, and the factory handled 28,000 gallons of milk. Contrasted with the old method of farm labourers who "sat down and milked and milked and milked" is the new machinery which enables a rotating platform to wash, dry, and milk 50 cows at each revolution in 12½ minutes, or 1,680 cows in seven hours.

\* \* \* \*

It is now necessary to attempt a closer and more detailed description of the work of the Boards, which in actual fact take a very broad view of their responsibility. They want to get a better price and they see many ways in which they can accomplish this; and perhaps some details about the pig industry and what the Pigs Marketing Board has done to assist producers will serve to illustrate the results.

### HELPING BRITISH PIGS

In 1932 the price of pork was 32s. a cwt. That meant a loss of about £1 on each pig marketed. It seemed to be a permanent state of affairs. A commission under Colonel Lane Fox was established to study and report on the pig industry. England was the largest importer of bacon and pig products in the world. The bulk of this supply came from Denmark, and in the years after the War we paid about £60,000,000 a year for bacon. The Danes organised themselves to supply this vast market, for Denmark has a virile, energetic people whose major industry is agriculture. For 40 years the Danes planned and studied to bring their productive and distributive organisation to the highest possible level. Through their co-operative societies they supplied in 1932 nearly 8,000,000 pigs to England, and taught the people of England to develop a taste for their particular product, or perhaps they studied the palate of the English people and then supplied exactly what was wanted. In any case, they controlled the bacon market in England, a profitable business which other Scandinavian and Northern countries tried to imitate. By 1932, therefore, the British and every other bacon market was glutted and the price of pork fell to 32s.

Lane Fox presented his report. He suggested that a normal supply of bacon for the English market would be 10¾ million cwt. (there was about 14 million available that year). If the supply was stabilised at this level there would be plenty for the market and the price should be economic to the producers. It was not proposed to provide any subsidy or give any monetary assistance to the industry. It was felt that if the supply were regulated the market would be self-supporting. On the recommendation of this Committee therefore it was decided to limit the bacon on the market to this level of 10¾ million cwt., and, in order to encourage the home producer, it was agreed that for every pig produced at home a foreign pig should be kept out. A Board was established with fairly wide powers as to price negotiations, etc.

The farmers demanded and were promised a price to cover the cost of production. A price was worked out based on the cost of production and tried out from September 1933, but it broke down in a month or two, as every similar attempt to fix a price on the cost of production alone has broken down. A crisis occurred which was settled only by the Government coming to the relief of the industry with a guarantee to see the curers recompensed if they would buy the pigs at the regulated price. This they did, and here in Northern Ireland we started the year 1934 with a deficit of £27,000 incurred by the curers in buying the pigs in the four months of 1933 at the fixed price. This was recovered throughout the next year by a levy of 1s. a pig on all the pigs of the country.

A new basis was adopted for price regulation in 1934. A formula was worked out which took into account the cost of production of the pig, the expenses incurred in curing the bacon and finally the selling price of the bacon. This has worked more or less satisfactorily for the last two years. As we go along we make changes in this formula in the light of experience. When we come to talk to farmers about the success of the scheme we do not stress the fact that we have been able to procure a higher price for their pigs, because this is doubtful. We do say, however, that we have stabilised the price.

Fluctuations in the price of pigs have been reduced over the year to a matter of two or three shillings a cwt. Previous to the scheme the difference between the high and low levels of prices in any year could vary by over 20s. a cwt. It was also usual for prices to vary by many shillings a cwt. on the same day between two markets. Now there is a standard price for each marketing day.

Payment for quality has been introduced, a new feature which should have far-reaching effects. Irish bacon is being established on its merits in the British market, so that, if the day ever comes when imports are again admitted freely, we may be assured of a place on the breakfast tables of the whole country. We are not unmindful of the consumer; our objective is to do all we can to introduce every economy in the matter of production and sale, so that the price shall be kept to the lowest possible level.

#### PIGS REFUSED PASSPORTS

It will now be interesting to turn to what happened in Denmark when the quota system was applied. I have told you that for 40 years these industrious people had worked up their organisations until they were sending 8,000,000 pigs a year to England. Now they had to apply the same ingenuity in getting their own numbers down again. It was a terrible business and disorganised the entire trade of their country. Appeals were made for voluntary reductions, but of course no individual could take it on himself to reduce the number of his pigs when he had his stock and business organised for quantity production.

However, reduction had to be effected, and the co-operative society whose business it was to control the sale of the bacon introduced a scheme of card-rationing of pigs. They knew how many pigs could be allowed to leave the country and they issued cards for this number. Every farmer got his supply of cards according to a certain scale—the size of his farm, the number of sows he kept and several other considerations. But every farmer did not want to feed pigs for export, although they all had a right to their share of the cards; and so the cards themselves became articles of commerce.

A pig for which the owner had no card could be sold for only half its value, consequently a card became value for half the price of a pig. I was in Denmark a year ago and saw cards being sold for half the price of a pig, or about £2 10s. A letter which came recently from a friend there informed me that he bought some cards in the market for £3 each. He says, “What a shame to see my father’s houses, where we used to keep 800 pigs, standing empty.” In Northern Ireland we are increasing our number of pigs. Three years ago our production was about 400,000 per annum, next year it will be about 1,000,000. If it were not for the fact that we, as producers, must get money, we might wonder at this desperate struggle to decide who should be allowed to keep pigs. It is not such a congenial business at the best.

#### FARMERS MUST LIVE

Behind the shelter of the quota regulation the Pigs Marketing Board is working with might and main to improve the returns to the producer, and some of the details of its work may be interesting. The Board gives incessant study to everything which makes for economy in turning out the very highest class of product. It studies the market and the methods of marketing. It does not want to get a high price at the expense of the consumer, but likes to introduce economies where possible and pass them on. The Board also gives much thought to research both in disease and nutrition, and, by a Journal published monthly, producers are given the most up-to-date information on the various matters affecting their industry.

There are two main types of bacon on the British market. There is the roll and ham trade, the traditional bacon trade of Northern Ireland, for which we have and always have had a high reputation. This product comes from fairly heavy pigs, weighing about 1 cwt. 3 qr. 0 lb. Then there is Wiltshire bacon, the type on which the huge Danish trade was built up. This comes from pigs killed at a much lighter weight, and cured in a different way. A peculiar feature of Wiltshire bacon is that it must be made from pigs slaughtered in a factory. Our traditional bacon is, of course, made from pigs slaughtered on the farm.

This roll bacon of ours, made from fairly heavy pigs, found a market in the districts of the heavy industries in the North of England around Lancashire and Yorkshire. It does not find a ready sale in the South, or around London where the ready money is. In pre-scheme days we sent our total supply into the Northern area, and the Danes and other suppliers took care of the rest of England. Since the scheme started we have more than doubled our pig numbers and are finding a serious difficulty in getting our pigs absorbed. It was Wiltshire bacon that was excluded by the quotas, and our roll bacon is not a substitute. Consequently we had to get two new Wiltshire factories established to cure the increased numbers in the way in which the consumers want them, and as the numbers go on increasing we may have to get more new Wiltshire factories. We can comfortably sell 350,000 pigs as roll and hams, but we have found that any attempt to increase this quantity results in lowering the relative price. In another year we should get very nearly 1,000,000 pigs, and it is the duty of the Board to see that the increase goes into Wiltshire factories. For the three years of the scheme we have had to ship very large numbers of pigs alive to England. These were surplus to

our capacity, and for most of the period they had to be sold at a loss. The Board bought them at the full price from the producer and spread this loss over the total supply by means of a small levy. We estimated that by paying a levy of about 1s. we gained about 4s. on the price.

As I said at the beginning, I am not trying to make out a case for marketing schemes, though it is clear that without them or some other relief British farmers would have been out of business. I am a member of a Board which takes pride in being able to help the producers of Northern Ireland, but I recognise that the cardinal fact of our success was a deliberate and colossal restriction of production, not here but in another part of the world. I must draw the conclusion that the world today needs someone to sit down, as Adam Smith sat down 150 years ago, and write a new "Wealth of Nations." The study of political economy will have to be taken up anew in the light of plenty, as opposed to the concept of scarcity. We are no longer poor because nature is niggardly. Restriction of the production of real wealth is not an obvious way of making us wealthy.

## Dreams and Daydreams

By M. B. DE CASTRO

"WE are such stuff as dreams are made of," said Shakespeare through one of his most remarkable personages; and today we dare once more to speak of dreams, as in the 20th century after an eclipse of many years—almost of many centuries—dreams are again emerging into the works of science and philosophy. In past ages dreams were frankly and fearlessly recognised and discussed in their bearings on the destiny and character of man. Today the psychological studies of Freud have brought dreams into the field of pathology, and the still more recent books of J. W. Dunne have adduced a new aspect for the consideration of physicists and mathematicians.

In that little library of Oriental thought that we call our Bible there are several records of dreams having remarkable economic consequences; and even if these stories are regarded as myths or legends having only spiritual significance, the economic interest is not dulled thereby.

The vision of wings and wheels which is reported as appearing to Ezekiel on the banks of a river, seems suspiciously like a premonition of men in possession of aeroplanes; and it has been said that it is not in the power of man to conceive of anything which can have no possible existence in fact.

However far-fetched this last statement may seem, it is worth a moment's consideration, for much of what are every-day commonplaces, such as telephony, television, and wireless music and lectures, would unquestionably have been laughed out of court by Dr. Johnson as impossibilities.

William Archer, the late well-known theatrical critic, was one who took the trouble to record his dreams over a period of ten years. He thus discovered that some were unquestionably premonitory of subsequent events, and this was also the case with J. W. Dunne, the author of "An Experiment with Time," who avers that this happens to everybody, and the only reason people do not know it is because they fail to record their dreams.

One of Archer's dreams was so singular and impressed him so intensely that he recorded it in detail. Its bearings on Social Credit and its objectives are so direct as to justify its quotation. On March 22, 1922, he recorded this dream "ten minutes after waking":

It was curiously impersonal. Two "persons" were involved, but it is impossible to say that I was one of them, and still more to say who the other was. They were not distinctly man and woman, but neither were they distinctly of the same sex . . . . All that is clear is that they were two, for they communicated with each other and took part in a great joy.

The joy resulted from the discovery by one of them of some secret which appeared to solve the riddle of existence and removed the drawbacks and imperfections of life. The discovery was not an invention, but rather a realisation which seemed to lie close at hand, yet to have been hitherto overlooked. Its nature is absolutely vague to me, but it proved itself by immediate and convincing results—not sensational or spectacular—appealing to the intelligence rather than to the senses—but wholly unmistakable and unspeakably satisfactory. The possibility that it was all a dream or an illusion occurred to the personages (rather than to me), but they put the matter to the test of experiment and it seemed always to work out with a sort of self-evidence. We—or at

any rate the personages—felt it to involve a glorious revolution in life and were enormously happy about it.

The thing was not a revelation from above; it was not a gospel to be preached: it seemed to be simply the realisation of a beneficent potency indwelling in things, which came into action automatically as soon as attention was called to it. I seem to recall a sort of thankfulness that a thing that might have gone on escaping notice indefinitely had at last leaped to light, to transform and magnify life. I had no sense of personal vanity in the matter, in so far as the persons were “I” and “not I.” It seemed to be a moral rather than an intellectual achievement, the establishment of a new harmony in things.

The curious feature of the dream was the extreme emotional elevation accompanying it and the reiterated assertion in the dream that it was not a dream but a glorious reality, victoriously manifesting itself on every hand.

It needs no words of mine to point out that the realisation in Archer’s Dream was a fact in existence in 1920. When “Economic Democracy” and “Credit-Power and Democracy” were printed, and “appealing to the intelligence” of the British people, it remained (as, alas, it still remains) only “to put the matter to the test.” Until 1923 the daydreamer of Social Credit hoped that the application of his new principles by those in authority would eventuate in “a glorious revolution in life.” His “revelation” of the causes of catastrophe and his simple remedy for them were too practical to be called a gospel.

Since 1923 Major Douglas has offered to the world various suggestions for the “test” necessary to prove his contentions. Since 1934 he has suggested yet another line of action. This time he places the “test” in the hands of democracy itself. Will it avail itself of the opportunity to prove this “beneficent potency indwelling” in the united expression of the will of the people for the abolition of the useless, unnecessary and criminal poverty which is blighting the lives of millions?

The more impossible the dream, or daydream, seems at first sight, the more important it is that it should not be lost or crushed away by the common herd, who regard it as a fantastic fairy tale. The dreamer who refuses to allow his vision to be cast away, who in the face of scorn, neglect, discredit, contumely and betrayal, continues to put forward the hopes and the action involved in the materialisation of the conceived or realised good, is one who will ultimately be reckoned with the heroes of old. The test has been provided. It is in some degree a double test of the genius of the leader and the loyalty of the led. The Electoral Campaign is constitutional, democratic, and effective to the exact extent to which it has been applied up to date.

Social Crediters have been called many hard names (day-dreamers is one of them), but if we agree on a “moral rather than an intellectual achievement,” on an ordered, voluntary and loyal obedience to our great leader, rather than on independent action, we may still be of those who “take part in a great joy” when his principles have “removed the riddle of modern existence” and introduced a system which will “establish a new harmony in things . . . to transform and magnify life.”

Just possibly we should exercise ourselves a little more in rejoicing; for surely there is much to “communicate” of real joy in the extent of the spread of the “knowledge (of this good) even as far as the waters cover the sea.”<sup>1</sup>

Less than 2,000 years ago a great Master said:

“These things have I spoken . . . that My joy might remain in you, and that your joy might be full.”<sup>2</sup> “Ye shall be sorrowful but your sorrow shall be turned into joy.”<sup>3</sup>

<sup>1</sup>Habakkuk ii. 14. <sup>2</sup>John xv. 11. <sup>3</sup>John xvi. 20.

## The Origin of Government

By ALFRED JEFFERIES

THE essence of “government” is compulsion. If there is no need for compulsion there is no need for “government.”\* We have become so accustomed to it that we take it for granted that the officials of the state should be invested with authority, and we do no more than grumble as the state grows larger, the officials more numerous, and the authority

more interfering in every department of life. The reason is that we think of government as a necessary part of civilisation, an evolutionary growth distinguishing advanced peoples from those in a primitive condition.

\*As distinct from “administration” of our policy by our servants the representatives and executives elected to that end. —Ed.

The ancient Greeks thought otherwise, believing that advance lay along the lines of less authority and more freedom, though they had not at that time the idea of evolution. Now, if evolution means advance, surely we should be growing up and seeking to enlarge freedom in proportion to a higher level of education and sense of personal responsibility. There is in fact a growing body of opinion which views with grave concern the modern tendency to aggrandisement of power shown by all governments alike, whether autocratic or constitutional. There is an uneasy feeling that if the state is indeed the fine flower of civilisation, then we have reason to fear the fruit may be a bitter one.

It is encouraging therefore to find that some modern archaeologists, \* presenting their account of the origin of civilisation, give us a picture, not of a slow development of similar forms of social organisation developing spontaneously in different parts of the world, but of a sudden departure from an age-old habit of world wandering, and an extremely rapid series of inventions, both scientific and social, resulting in a closely-knit and highly-organised social system directed entirely from the centre. Further, that the tribal systems found throughout the East, the South Seas and the Americas are not stages in evolution, but a degradation from the parent system, the result of imperfect assimilation of ideas obtained at second-hand, by diffusion, from the same original source.

\*Sir G. Elliot Smith, “Human History.” W. J. Perry, “The Children of the Sun.”

It is not perhaps of very great practical importance whether civilisation began in Egypt or in Mesopotamia or elsewhere, but it is of importance if civilisation did in fact start in one place, as a conscious invention rather than a gradual and unconscious evolutionary process. \* For in that case it appears to have developed under the influence of certain conceptions (of Egyptian origin) concerning the nature of life and death and the qualities of things, that death could be circumvented and life prolonged or renewed by a process which professed to extract from animate or inanimate objects the essential principle of life, and that this could then be absorbed by or transferred to the corpse of a human being to procure for him personal immortality together with supernatural powers.

\*Actually there is no valid reason why civilisation should not have been “invented” in more than one place quite independently. —Ed.

We have only to imagine what would be the effect of such a “discovery” at the present time to realise that it would in itself provide a most powerful incentive to research and invention (the real basis of civilisation) such as would alone account for the sudden emergence of organised social life among people whose ancestors had roamed free and unattached as simple food-gatherers, in small family groups, for many thousands of years, unstirred by any impulse towards either social life or organised conflict.

The evidence presented goes to show that agriculture by irrigation was invented in ancient Egypt, where the Nile provides the only natural and complete system of irrigation in the world; and, what is more important, it shows also that the men who first observed this sequence of flood and food-crop, and thereby made the discovery that food plants could be artificially propagated and cultivated, were actuated by ideas, logical but mistaken, which led them to the elaboration of a vast state organisation, in the belief that it was necessary to invoke magical powers for the creation of what we now call natural fertility. Accordingly the first king of Egypt was the man who first approximately timed the recurrence of the Nile flood, and made the correct deduction that the natural crop of barley which followed it was a consequence of it.

Magic preceding science, magical creative power was ascribed to Nile water, and the man who predicted the flood was presumed to control it. He became a king, and then, logically, a god. Endowed with supreme authority in consequence the king became responsible for the government of the people, not so much because the people needed organisation by him, but because they were supposed to be dependent upon his magical power ; for the ancient Egyptians believed, or were constrained to believe, that their prosperity, and indeed their very existence, depended, not upon their own exertions, but upon the performance of an elaborate magical ritual. They thus had the strongest reasons for endowing the god-king-creator with state authority and organisation.

It was for the service of this ritual, which soon grew into the most elaborate organisation the world has ever seen, that the people needed to be “governed,” not for the work of producing food, clothing and housing ; all that was done incidentally. Most of the people’s energies were absorbed in the building and service of the temples and pyramids, and in the search throughout the world for the magical “life-giving” substances required for the agricultural ritual,

and later for that concerned with the cult of immortality into which this ritual developed. It was these cults which were really responsible for the development of the form of social organisation centred upon the state with which we are now only too familiar, and the present tendency to bring all our activities more and more under state control is not a progressive development but a steady reversion to type, an approximation to the original model.

The cult of immortality was an expensive business which was at first confined only to the king-deity. Later, under the influence of the “Children of the Sun,” all those of royal descent became eligible if they could afford to pay the cost in temple services and in rare “life-giving” materials, of which that metal so beloved of bankers—gold—became one of the most highly valued. It was the search for “life-giving” substances which carried the peculiar Egyptian agriculture by irrigation and their state organisation over so much of the world, and it was out of this royal-family cult of immortality that the idea of social classes developed; providing both the necessity and the justification for the enslavement of peoples to the service of privilege.

There was no need for any such elaborate state organisation to produce the things required for the maintenance of a high standard of individual life. There is no need for such an organisation now, if what we want is a high level of individual life, comfort and culture. In ancient Egypt they believed that the state supported the people. It is easy for us to see, at this distance of time, and in view of later scientific knowledge, that in fact the people were being compelled to support an entirely unnecessary state organisation.

The beliefs of ancient Egypt are no longer held. We do not in this country think of our Government as being endowed with magical powers, or that our prosperity depends upon the ceremonies concerned with the opening of Parliament or the Coronation of the King. Some other European countries are returning perilously near to that sort of idolatry, but this need not alarm us. We have solid grounds for the belief that the people can support themselves. What we need is the release of the people from servitude to outworn ideas and institutions, particularly those financial institutions which both restrict our productive activities and frustrate our political efforts. The present forms of government serve to enable those in control of centralising institutions to dominate our lives. Still, these forms are man-made and can be changed. If the Egyptian suit no longer fits us we can either alter it or make a new design. If the old design of state and the old machinery of government were indeed invented for the express purpose of concentrating power in a few hands, there is all the more reason why we should alter it, changing the functions of the state from the government of people to the administration of things, to secure the economic and political freedom of the individual.

The ancient Greek philosophy of democracy formed a revolt against this Egyptian conception of the omnipotent state, and was the first assertion known to us of human individual completeness. It is noteworthy that the Greeks found the best expression of their ideal in small city-states in which every individual citizen could feel that he had a personal share in the life of the community. Subsequent European history is the record of the efforts of peoples to democratise and humanise government. The tragedy of today is that, lacking knowledge of what constitutes economic democracy, men are seeking escape from responsibility by a return to ancient despotism.

Only economic independence in the form of a national dividend based upon the recognition of every citizen’s right to share in the product of the social inheritance will secure alike to individuals and social groups the freedom so long sought for; and it will not be merely incidentally that this freedom will be followed by the gradual decay and final abandonment of the idea of the state and the institution of government as we know it today. Given universal freedom to produce and consume up to the limits of desire, men will have little need of state authority, since it is not the things they want which people will produce only under compulsion.

## The Retort Courteous— or a Minor International Situation

By NORAH M. JEANS

IT had been a filthy crossing, with the Channel converted into a turbulent mass by a strong gale. The “Biarritz,” that worthy pre-war Southern Railway steamer, had found the going hard. The Paris passengers were the most annoyed, for, besides being late into harbour, they had still to go through the customs shed. We superior beings bound for Switzerland, Germany and beyond, were to be waited on by the customs on the train.

I know of few more awkward moments than those which have to be lived between arrival in one's sleeping compartment and the departure of the train. With luggage stored away and porters tipped, there is nothing left to do but to sit down on the bed and feel foolish, stand out in the corridor and get in everyone's way, or play with all the knobs, switches, buttons, etc., that are part of the normal equipment of a continental night express.

I chose the latter course. Water thereupon gushed forth, blinds shot up, windows slid down and lights came on. But one small lever above my bed refused to yield to repeated effort.

"You press it in first before lifting," a pleasant voice advised from the corridor.

Too surprised to become immediately English and aloof, I followed these directions and twenty little air slits were instantly uncovered—to admit no air at all. Whereupon my neighbour, who was standing in the corridor, and I laughed together.

He was of the German officer type, well groomed and good to look upon, and apparently prepared to be friendly without delay. Too friendly, I thought later on, when, having commented upon the rough crossing, the English theatre, the miseries of travelling by night and the prospects of snow in Switzerland, he invited me to dine with him. But I had already dined on the boat, for the sea has yet to be found that can upset my stomachic equilibrium. It was, however, some time before I could convince my German neighbour of this fact. Indeed, only the intervention of the customs officer saved me finally from a second dinner that night.

By 9.15 p.m., my luggage checked and my door shut, I was in bed and very shortly after asleep.

At 2 a.m. I awoke, aware that something was wrong. The train was progressing in spasmodic jerks—a short run followed by the sound of brakes—as if the driver had lost his way, or was ill or intoxicated, or all three. The sound of the rain driving against the window like steel needles, and the sight of my fragile pyjamas, decided me to dress.

I was already into my fur coat when the crash came. Cases cascaded down upon me from the racks, the water-bottle crashed into the washbasin and broke, and I was shot with violence against the steel wall that separated me from my German neighbour.

The crash was followed by a profound silence lasting for several moments, during which everyone else either woke up from sleep or picked themselves up from the floor. Soon the corridor was noisy with pyjama'd and excited people and the darkness outside was punctured by frantic train officials running around with lamps whose fitful gleam did little to dispel it.

Everybody talked at once, asking everybody else what had happened.

"We've crashed," I sagely informed a miscellaneous group, before whom I felt superior in my fur coat.

"Is it that we are boomed?" demanded a fat little German, his round cheeks rosy with sleep and his voice suggesting that trains in which he travelled had no right to "boom."

Meanwhile, the steward, whom we had seen dive into the night some minutes earlier, returned, excited and wet, but prepared to tell us all about it. Various versions had already reached us—that 10 were killed and 40 injured—that 12 were injured and none killed—that the train into which we had crashed was a complete wreck—or was hardly dented. Now the steward assured us that only two were killed and 17 injured—positively only two killed, as we should soon see for ourselves, for they would be brought aboard our train. And in reply to enquiries made in three languages he went on to tell us how it had happened. Our driver had received a signal that the line was blocked by a train to which brake adjustments were being made; but being late (and entirely out of consideration for the passengers) he had "proceeded with caution," until, rounding a bend, he had unfortunately come upon the stationary train more quickly than he could brake, the rear red light apparently having been obscured by the figure of the "look-out" man.

Until this moment the affair had been merely exciting, but now I began to worry about our "look-out" man, and to hope that he was not being careless about our rear light. Moreover, where was my German neighbour? Everybody else's neighbour had appeared long before, ready to perform deeds of gallantry if necessary. But from the next compartment not even a light appeared.

Slightly peeved, I tried to get a drink but was informed that the restaurant was "reserve pour les blesses." This, to English ears, sounded comically like a new beatitude, but did nothing to cheer me personally. Indeed, with no hope of

a drink and with the assurance of the steward that we should be at least five hours late at Bale, a return to bed seemed indicated.

Clearing my compartment of two strangers who apparently found the view from my window more interesting than their own, I went back to bed.

But not to sleep. For a conference of French railway officials had chosen the spot beneath my window to discuss the situation, and from them I learned that we were to “back” on to the “up line” in order to pass the damaged train ahead. And as far as I could understand, our train, a “down train,” would have to travel on an “up line” for many kilometres before it could get back upon its own track. I did not much care for this. A “down train” on an “up line” in a country where drivers proceeding with caution “boomp” into the halting train they are warned to look out for, had about it a certain measure of insecurity not conducive to sound sleep. And by this time I hated my next-door neighbour.

Despite these mixed emotions, however, to say nothing of a fast swelling bump on my head, and a sorely grazed knee, eventually I did sleep.

\* \* \*

At Bale, no less than six hours late, the first person to greet me in the corridor was my German neighbour. Fresh and smiling, and obviously not suffering from lack of sleep, he announced that the accident had awakened him, but since there was no personal danger he had taken the opportunity of getting a few hours extra sleep. “The French are so expert with train accidents,” he added maliciously, and then he asked me to take breakfast with him.

Really peeved this time, I declined his second invitation and went off to try to get my typewriter past the Swiss customs. That, I thought, was the last I would see of him.

But at Zurich, where I left the train, he turned up again, prepared to be of any and all kinds of assistance. He did succeed in carrying part of my luggage to my next train, and I, cheered at having got my machine through duty free, accepted his friendly assistance. But I could not resist a gibe at parting. Bidding him farewell, I casually remarked, “. . . and I do hope that in all international crises, Germany will behave as calmly and as sensibly as Germany behaved in last night’s crisis.”

He regarded me for a moment gravely before replying. Then bowing low over my hand he said very deliberately, “I go one better than that—I hope that when Germany next makes advances to England, England will not always be so occupied with her other engagements.”

And as my train moved off we laughed together as we had laughed the evening before. Germans always seem so anxious to be friendly.

## An Old Woman Speaks of the Moon

SHE was urgent to speak of the moon: she offered delight  
And wondering praise to be shared by the girl in the shop,  
Lauding the goddess who blessed her each sleepless night  
Greater and brighter till full; but the girl could not stop.

She turned and looked up in my face, and hastened to cry  
How beautiful was the orb, how the constant glow  
Comforted in the cold night the old waking eye;  
How fortunate she, whose lodging was placed that so

Deep in the lonely night, in her lonely age,  
She from her poor lean bed might behold the undying  
Letter of loveliness written on heaven's page,  
The sharp silver arrows leap down to where she was lying.

The dying spoke love to the immortal, the foul to the fair,  
The withered to the still-flowering, the bound to the free;  
The nipped worm to the silver swan that sails in the air—  
And I took it as good, and a happy omen to me.

RUTH PITTER

## Tones

SOME cadences there are that haunt the mind  
More than the melodies of voice or lute—  
White apple-blossom hinting later fruit,  
Or spindel-berries tossing in the wind;  
The frolic of wand in birch leaves, or the blind  
Swoop of a heron into reeds; the mute  
Rising of sap within a tree's fair shoot,  
And leaves autumnal, turned to gold refined.

Yet, there are tones, more subtle far than these—  
Bright blooms of thought, within the heart a-shine,  
That ooze mysterious light beneath their seas,  
And pools of quiet amid ethereal pine,  
And sheaves of memory. Such melodies  
We listen to, and know they are divine.

HERBERT BLUEN

## To a Wheat Farmer

GRAY autumn clouds to the westward,  
Far woods yellow in the sun,  
Brown earth turning to the tractor plough;  
The task's begun.

Black frost gripping the ploughland  
Under a vault of grey,  
Stealthily working for men and silently  
Crumbling the clay.

Pale gold sunshine reflected  
From acres of quivering green,  
Cloud shadows swiftly approaching and passing,  
Dulling the sheen.

Steady whirl of the reaper  
Cutting till set of sun,  
Harvest work and harvest wages  
For everyone.

Stooking and carting and stacking,  
Thatching it well from the rain,  
Threshing and dressing and carefully storing  
The well-earned grain;

Plump grain the colour of sunshine,  
The best of the good earth's giving.  
Poor fool! growing it is wasted time:  
You lose your living.

GEOFFREY DOBBS

## The Science of Living

“The Monopoly of Credit.” By C. H. Douglas (New edition. Eyre and Spottiswoode, 3s. 6d.).

THE 1937 edition of “The Monopoly of Credit” contains some additional matter, but is otherwise substantially unchanged from the first edition. In an introduction to this edition Major Douglas refers to the emergence of “monetary reform (as it is somewhat loosely and incorrectly labelled)” into first-rate prominence in world politics. Hence the re-issue of this book “in the hope that large numbers who, quite properly, have no desire or necessity to become financial experts, will recognise how vitally the subject concerns every individual.” “If civilisation is to survive,” he concludes, “and it is by no means certain that this civilisation will survive, it will only be by the assumption on the part of the individual of Rights and Powers upon matters of Policy, as distinct from matters of detail, which he has for far too long delegated to others.”

A couple of paragraphs have been added to Chapter I, pointing out that the main problem is to bring sufficient force to bear on those in a position to alter the system; a fresh mathematical proof of the A + B Theorem has been included in Chapter IV; and the “Causes of War” broadcast has been inserted as an additional chapter after Chapter VII.

For the rest, the book remains what it has always been—a carefully reasoned, compact survey of the modern financial system and its defects. The wider aspects of Social Credit are, of course, barely touched upon and the financial remedy merely hinted at; for these things, Major Douglas’s other writings must be consulted. As it is, the ground covered by the present work is immense and has already filled libraries.

This attack upon the financial mechanism is not concerned merely with its failure to reflect reality; it shows in detail how this very failure is used to impose an insolent and cold-blooded tyranny upon the peoples of the world. Crushed by taxation, enslaved by debt, and menaced by war, they live as best they may, unaware that their shackles are of paper.

It is significant that no serious attempt has been made by the monopolists to meet the charges set out in this book, and it may therefore be concluded that no solution is possible without the threat of force wielded by an awakened democracy. The evidence given by Major Douglas before the Macmillan Committee, which forms one of the Appendices to this book, is in all probability the last appeal to pure reason the protagonists of finance will receive.

R. L. NORTHRIDGE

## Fear and Want

“Out of the Pit.” By John Newsom (Blackwell, 3s. 6d.).

POVERTY in this age of plenty presses more cruelly upon its victims than ever it did in ages past. John Newsom has written a book exposing conditions in the depressed areas that constitute a standing disgrace to the electorate of Britain. Those who are intimately acquainted with the lives of the long unemployed will know how true the picture is of the haunting fear—an ever-present anxiety—that is more deadly in its tragic effect than the actual physical malnutrition that is common.

“Afraid, that’s the word, we’re always afraid something’s going to happen to reduce our little money. When my husband was working we were always fearing unemployment and the dole, and now we’re afraid of losing that.”

“My husband’s been unemployed for three years, and although he’s only thirty-eight, his hair’s grey and he’s an old man.”

“The worst thing to fear happening is sickness...”

The soul-destroying effect of fear over long periods of time can be appreciated only by those who have suffered it. To impose this spiritual torture in these days of potential common security is a peculiarly vicious crime. Said one man:

“When you’ve been unemployed for a bit you find that even bootlaces cost money that might be spent on a tin of milk. I’ve got mine done with string now.”

\* \* \*

“T----- S ----, aged sixty-four, was found dead in his allotment hut with razor wounds in his arms and neck. His son-in-law said that he had been worried on account of some papers which he had received from the Labour Exchange relating to his unemployment pay.

“The deputy-coroner recorded a verdict of suicide, there being no evidence to show the state of the deceased’s mind.”

\* \* \*

The author points out that it is not the job of the ordinary man to delve in the deep waters of economic and fiscal policy, but it is his responsibility, once he has become acquainted with the facts, to demand that the experts produce a policy which will rectify these abuses.

It is a great pity that he seems to confuse policy with method here, for later he recognises quite clearly that governments are the elected representatives of the people and action will be taken only when they are faced with direct public demand—that is, the expression of policy by the people. No better service can be given in the cause of freedom from poverty and fear at the present time than that of making the people conscious of their own power and the way to direct it.

G. HICKLING

## Cities in Pawn

“Rates and Rating.” By Albert Crew, assisted by Francis Jones (Pitman, 12s. 6d.).

THIS book of reference is useful to lawyers, rating officials, rating-surveyors and others interested in this form of taxation. It gives a brief history of rating, originally for the relief of the poor, from the time of Alfred the Great, through Norman times to the Poor Relief Act of 1601, and explains briefly seventy later Acts which bear upon rating, commenting fully on the important Act of 1925.

It appears that the feudal system of land tenure which existed in Norman and Plantagenet times—and which was based upon service—began to be modified when the English kings became involved in prolonged quarrels with France. Feudal dues were allowed to be compounded for cash payments from baron to king and even from villain to baron, to provide funds for the payment of mercenary troops. From that time the cash nexus became firmly established, though not throughout; for example, before wool was allowed to be exported a certain proportion of it was taken by the king’s officers to be sold for his benefit.

The Black Death of 1349 carried off nearly half the population, the result being very serious labour troubles and much poverty. From earliest times until the dissolution of the monasteries in 1539 the Church had distributed alms to the poor out of the tithes which it received, but this charity neither fulfilled the needs of the poor nor relieved the parish of the responsibility for relief which it had borne since the time of Alfred the Great. The dissolution only increased this responsibility, and by 5 and 6 Ed. VI (1551-52) it was required that collectors should “gently ask and demand of every man and woman what they of their charity will be contented to give weekly towards the relief of the poor,”\* and refusal to give gave the bishop the right to “take order for the reformation thereof.” Ten years later justices were empowered to rate a delinquent according to their discretion, and could on default commit him to prison.

\*“Tell Your Banker,” in fact.

The Poor Relief Act, 1601, often called the Statute of Elizabeth, imposed the liability to be rated on “every inhabitant, parson, vicar and every other occupier of lands, houses, tithes impropriate or appropriation of tithes, coal mines or saleable underwoods,” for the relief of the poor. Each parish was responsible for its own poor and levied a rate on the householders. That this system of assessment was discriminatory is shown by Sir Anthony Earby’s case in

1633, which established the principle that the basis of assessment under the Act was the ability to pay, that is—the present income tax system.

In *Rex v. White*, 1792, it was established that personal property was ratable, but household furniture was not, neither was money whether at interest or not, but the Parochial Assessments Act, 1836, made it quite clear that assessments were not to be estimated on the Elizabethan principle of ability to pay, and the Poor Rate Exemption Act, 1840, excluded personality from assessment for purposes of rate. It is interesting, at this point, to remember that it was in 1840 that The County Police Act made provision for the levying of a police rate, and that in 1842 income tax, which up till then had been imposed and repealed more than once, was firmly established by Sir Robert Peel at 7d. in the pound. Although the Act of 1601 has been amended so far as liability to be rated is concerned, it remains substantially unrepealed except by the Rating and Valuation Act of 1925 and subsequent Rating Statutes.

Now this book is for reference only, and it is most useful in that respect; but the student of rating from the Social Credit point of view will read much between the lines. He will realise that from Plantagenet times down to the Stuart period at least the collection and distribution of rates must have been in hard cash, which, like real things, was mostly scarce and difficult to get; but that in the present time of actual and potential plenty rating is no more necessary than is taxation as we know it. But it is the fact that rates—which now include payment for many social services other than the relief of the poor—have become subject to the all-pervading power of the credit-creating mortgagee.

“The treasurer\* of a local authority may at any time advance to the authority any sum which the authority may temporarily require, and which—

- (a) They are at that time authorised to raise by loan; or
  - (b) they require for the purpose of defraying expenses pending the receipt of rates and revenues receivable by them in respect of the period of account in which those expenses are chargeable;
- and the authority may pay interest at a reasonable rate on any advance so made.” (Rating and Valuation Act, 1925.)

“So much of any enactment as imposes any limit on the borrowing powers of any local authority by reference to the value for rating purposes of hereditaments within their area shall, as from the appointed day, cease to have effect.” (The Local Government Act, 1929.)

\*Usually a bank.

The privately owned banking system has been allowed to create credit and to lend it on overdraft to municipal authorities on the security of rates to be collected from the public. These loans have grown to an enormous aggregate. In the case of one bank alone (Barclays) the increase in costless (to the bank) overdrafts to municipalities during last year was some £4,000,000 (Rt. Hon. R. McKenna, address to shareholders, *The Times*, January 27, 1937); and the banks do not disdain even the smallest Rural District Council. Municipal capital loans also are created by banks and, again at no cost to the banks, are sold to themselves or to the public for money.

Local rates are now heavily subsidised by Exchequer grants out of national taxation, and loss of rates to municipal bodies through derating—industry and transport to the extent of three-quarters and agriculture wholly—is made good by that method.

Rating is going back to the Elizabethan “ability to pay” system but with the disadvantage of having the usurpers of national credit as mortgagees.

ARTHUR WELFORD

## The Slave Trade

“South Africa Today and Tomorrow.” By R. J. M. Goold-Adams (John Murray, 6s. net).

THE work concerns itself with the past history, the present condition, and the unknown future of South Africa so far as it lies within the borders of the British Empire. It is a troublous land, vexed by the antipathies of the two white races, and the difficulties arising out of competition in the labour market between the “poor white” and the black races, particularly in the minor walks of life where the work of the hand is required more than that of the brain. The immense preponderance of the black races would alone make the future of the vast country one of the most difficult

to forecast in the Empire, and their subjection, or incorporation within the citizenship of the Union, is a question of policy which can hardly be decided under present conditions of the artificial scarcity that is at the very root of the problems discussed in this book.

Naturally, the influence of the gold-mining industry for good or ill receives much attention. Indeed, it pushes itself into every question considered by the author, for it affects them all; especially the condition of the “poor whites,” and the supply from one source or another, any source indeed, of adequate numbers of natives to work in the mines thousands of feet below the surface (p. 50). “The whole basis of native taxation,” our author opines, “is not only unfair, but also economically unsound,” for it is not based “on ability to pay,” but takes the form of an annual fixed sum “assessed sometimes by huts and sometimes by male heads . . . falling equally on rich and poor.” An equality devised designedly, as in other lands where there is coloured labour to be dragooned, to compel the coloured people to work for the white men in power, earning dividends for mining and other limited liability companies in far-off England, lest the tax-collector or his myrmidons fall upon them, or, as the writer puts it baldly, “He has to go to work to pay his taxes” (p. 52). For the coloured people, disguise it as we may, taxation and representation do not go together.

The author foresees that the day may come when the frantic gold-fever life of Jo’burg may be a thing of the past, if “the crazy economic phenomenon of gold being laboriously scraped out of one hole in the earth to be packed away in lumps in another hole (the bank vaults) somewhere else [be] rationalised” (p. 192). Yet, so far as Rhodesia is concerned, a scheme for a State bank is outlined to provide all the means of creating still further State debt dear to the old finance, which has made the banks the masters of the world. Who will deliver us from the body of this debt?

The discursive style of the writer does not, to our way of thinking, make for clarity: his subject matter might have been packed into smaller compass, and his fondness for parentheses, metaphors and similes has resulted in some strange phraseology. Sowing wild oats on stony ground is actually compared unfavourably with sowing the same kind of oats on good ground.

J.Y.W.

## Children of the Light

“Women and Poverty.” By Jean Campbell Willett, L.L.A., F.R.G.S. (The Social Credit Secretariat, 4d.).

THE slums are areas of filthy kennels,” says the writer, “swarming with rats, mice, cockroaches, lice, bugs, fleas and other vermin. Undernourished children are denied even Nature’s two great comforters and restorers—play and sleep; fear of rats keeps them out of miserable backyards, and rats and vermin keep them awake at night.” Miss Willett refuses to gloss. There is small comfort here for the man or woman we know so well who, blessed with a small competence and free from the battle waging pitilessly elsewhere, likes to ascribe the condition of the poor to their own wickedness. There is no sympathy here for the “good works” type of mental “escape.” Nor is there more for the person who is ready to admit the artificiality of this ghastly farce played with the bodies and souls of little children and ailing women, but declines responsibility for personal action to end it.

“Whole families living in one room day and night are deprived of even the least privacy, let alone the privacy which is a prerequisite of decency. There is no such thing as childhood.... for children born into such surroundings ...”

*There is no such thing as childhood!* Will comfortable readers try to imagine what this means? Will they try to call up the full horror behind these simple words? Miss Willett proceeds to deal with the complete frustration of womanhood in the present financial system: artificial economic competition between the sexes; the lot of the bachelor-girl; wretched and often fatal motherhood; lovers unable to marry, or when married not daring to have children; the mind-maiming effects of our pinchbeck educational system; evil neuroses, suicides and crime. We are filled with uncontrollable horror and anger as we read. May we never lose the sense of both until the venomous thing, which is poisoning our world, lies crushed out of existence.

M.H.

# Peeping at the Puppets

“Our Lords and Masters” By the “Unofficial Observer” (Robert Hale, 15s.).

THE author of this world-survey (of which I propose to deal only with the English section) prefers to remain anonymous. Therefore one is permitted to speculate on his nationality if not on his identity. There is an occasional lapse with the past participle; an impression is left in the reader’s mind that German expansion is a natural law and Nazi statesmen no rougher than New Zealand rugger teams; in short, is there not the merest faint odour of Wurst about?

If his aim is really the destruction of popular confidence in British Institutions and the Empire, one might point out certain errors of judgment. For those who would be influenced, the book is far too expensive; for the class able to afford it he is flogging, in an Augean pig-stye, a long-dead goat.

We are nonetheless grateful for his stark little sketches of the contemporary Great, and the illumination he succeeds in shining upon much of our post-war history. Baldwin, the “synthetic country gentleman,” who assumes an air of rustic stupidity, the oldest game in English politics; Neville Chamberlain’s “lethal soul of a bureaucrat”; Montagu Norman, who “has enjoyed more power than any individual of his generation,” glide in and out of these pages like shapes in and out of the uneasy slumbers following lobster salad.

Edward VIII’s vigorous and sympathetic personality, one is glad to find, receives full justice (and the reader should turn to page 123 to note why, in the case of Carol of Roumania, despite the “international gentleman’s agreement” of the press concerning royal personages, “the lid has been lifted . . . so far as concerns exposing Carol’s private life”). Published before the “Crisis,” this book gives clear indications of the hidden interests behind the deposition—that is to say, of course, the abdication.

The “Crisis” of 1931 receives an excellent summary. “As it worked out, the Bank of England, not being in business for its health, borrowed money from France at 3 per cent, and reloaned it to Germany at 6 per cent. The Germans in turn reloaned some of this money to Austria and Hungary at still higher rates of interest.” The Credit Anstalt failed, Morgans refused to support the Bank of England, and so the Dole was cut. Why did not the political parties protest more resolutely against this scandalous perversion of democracy and government? Only those “who can prove their ability to administer the British sacrament” can enter political life in England, and a “Labour Government may replace the National Government, and new men may replace old faces. It will make about as much difference as changing the guard at Buckingham Palace...”

As Hilaire Belloc says in “Party Politics,” this is bound to be the case so long as all the political parties have large sources of secret financial support which they steadily refuse to have publicly audited. A national move to compel the public auditing of party funds would be no bad sign that life was not yet extinct in our democracy. Even though the real donors would without doubt be adequately curtained behind numerous intermediaries, it might be useful to know the intermediaries.

Of Sir Samuel Hoare the writer says that he is a Quaker and the Quakers “have developed . . . into a group whose social and financial power approximates that of the Jews in France and America,” and they are now “an irritating blend of worldly success and good works.” These are hard words. They constitute a challenge which the Society of Friends cannot afford to ignore. For if it be true, the fate of humanity is in their hands.

M.H.

## “Freedom and Bread”

“Hitler and the Nazi Dictatorship.” By Frederick L. Schuman (Robert Hale and Co., 10s. 6d.).

THE phenomenon of German Fascism generally evokes emotional rather than rational comment; indeed, as Mr. Schuman remarks, a detached view can only be unfavourable to an organism which repudiates objectivity and depends for its effect on emotion. He therefore presents the matter subjectively in an attempt to explain and describe the Nazi dictatorship. The result is only too stereoscopic; as if the tough guys of Mr. Edgar Wallace had strayed into one of the less beneficent Utopias of Mr. H. G. Wells, and were using Mr. Aldous Huxley’s brave new methods of conditioning the inhabitants to acceptance.

But there is a core of fact on the other side of this emotional barrier; the elevation, by means of an efficient organisation of collective abstractions above the particular examples from which they are drawn. The State and the Office are exalted above the people for whose benefit they were created. The individual German has been deprived of freedom of action, speech, opinion and taste; and how much individuality remains when these are gone? Yet Hitler is in power by the vote of the majority of people, however that vote was obtained.

Herr Hitler's policy is difficult to distinguish; quite certainly it is not the people's policy. It is probably implied in Albert Schlitter's statement, "Hitler is always right." All the beliefs now grafted into the German culture are despotic, although not all of them appear to have arisen from Herr Hitler's personal predilections. "Work, work and more work," is the Führer's appeal, regardless of the physical facts of production. Life in Germany today seems to be one continual dose of what is good for you, unlightened by any personal preference whatever.

It takes an efficient organisation to enforce such an uncomfortable policy. Herr Hitler originally criticised parliamentary government as not being suitable for accomplishment, since all responsibility—the privilege of being answerable for the result of an action—falls on to an abstraction, "the committee," which is always able to evade the blame and so the personal consequences. In the German Fascist state every man is personally responsible to his superior, and the leaders to Hitler, and such evasion is not possible. The successful imposition of such a mixed collection of ideas shows the value of the instrument. It could give freedom and plenty to everyone if the policy and the sanctions to enforce it lay with the people, but by the skilful use of propaganda Herr Hitler prevents all realisation of this. He provides a lavish emotional and psychological "treat," to obscure the possibility of an intellectual and economic freedom which would in the end give a more stable satisfaction. To do this he uses both active and passive propaganda. The passive type is administered by the wireless, cinema, press, theatre and so on, assaulting the senses with no respite and no defence until it is absorbed, consciously or not, as a basis for thought.

The immediate result of this regimentation is a drop in the circulation of the newspapers and an increased output of the saccharine-romantic "art of escape," in novels, cinema and theatre. The more effective propaganda is that in which the people themselves take part. Instead of modifying his government to a form that provokes no dissatisfaction, Hitler has provided an outlet for the emotions in their primitive state before they have reached the consciousness of dissatisfaction. By means of pageantry and collective feeling the people are maintained in a state of emotional exhaustion, and at the same time conditioned to further acceptance of their position. They are given glamour: armies with banners, uniforms, flags, emblems, mystic symbols and salutes, secret societies, hero worship and a new mythology. They take part in festivals, immense gatherings with solemn ceremony and ritual, singing, saluting and parading; and in the surge of emotion they can forget hardship and poverty by an orgy of self-effacement.

Another device for exorcising the energy that would normally be expended in criticising the system of politics and economics is its diversion against the Jews. It is quite clear that the fierce German anti-Semitism (which was historically the foundation of the Nazi "ideology") and its complement, the superiority of the Aryan race, have definite functions within the structure of the State. The persecutions provide a convenient discharge for aggressions in a direction relatively harmless to the established social order, and at the same time afford an emotional unification of the persecuting group. Psychologically the device works. Any other target would have served, but anti-Semitism was convenient, and had already attained some potency of emotional appeal. The exaltation of the Aryan race was a comfortable sublimation of the post-war inferiority—the opposition of the German to the foreigner was superseded by that of the Aryan to the Jew, and the defeat of the German was buried in the fulfilled superiority of the Aryan.

Personal sovereignty has been drowned in the tidal wave of emotion; and where will the wave break?

ELIZABETH EDWARDS

## The Life in Christian Thought

"An Interpretation of Christian Ethics." By Reinhold Niebuhr (S. C. M. Press, 6s.).

A MINISTER once began a children's address with the following: "This, boys and girls, is a fairy tale, and, like all fairy tales, it is true." This, which was revealed long ago to babes and sucklings, Niebuhr explains and demonstrates to the wise and prudent, very brilliantly if they care to read him. He shows the superiority of what he calls mythico-prophetic religion over other interpretations of life, its purpose and meaning. This age prides itself on nothing so

much as on being scientific, and scientific categories are good; but, like Monkey Brand soap, they are none the worse for reminding themselves and their public of their limitations. To do them justice, scientific men have learnt to recognise their limitations. The last product of time is man, and, except in the broadest sense of the term, science does not explain man; you can hardly say that scientific terms explain Shakespeare. "The vice of all mythical religion is that its interpreters try to reduce its supra-history to actual history. The myth of the Fall is made into an account of the origin of evil, when it is really a description of its nature." Truth embodied in a tale may enter in at lowly doors. He takes some pains to make this clear, and succeeds.

Thus, rightly understood, the true mythico-prophetic religion will survive the scientific attack; it will also survive its unfortunate association with the modern forms of civilisation which are so obviously crumbling, even as it survived the fall of Rome. This Christianity will do if it realises that it is a truly prophetic religion. Its business is to give man his proper motive and power to live his true individual life, the life of love, which is at its highest in forgiveness. We are to love our fellow, not because he is a person merely like ourselves, but because God loves him; we are to forgive sinners because we are sinners ourselves and need forgiveness. Man as an individual can keep an impossible ideal before him as a possibility. For man the individual can and does act on a higher plane than society.

Yet this mythico-prophetic religion must become "more sympathetic to the function of reason in solving problems of justice." Orthodox Christianity has been too pessimistic, and liberal humanitarianism has been too complacent. Only Marxism has been radical enough in its challenge of the existing order; but it makes the pathetic mistake of imagining that natural man will produce the men who will form a (temporary) dictatorship sufficiently disinterested to make way for real democracy, and that there is sufficient goodness in man to form society afterwards under conditions of perfect freedom, economic and other.

This is a very live book, and very live thinking; abstract thought does come down to the brass tacks of concrete realities in space and time. And yet the author himself has failed to find a way whereby his prophetic religion can utilise its inspiration. Christianity, apparently, can inspire a man to live his individual life, but cannot guide society so that the gifts of God in science and engineering can aid the individual life of himself and his fellows. It will survive the flood which is sweeping over modern civilisation, but it cannot control the river.

Social Crediters will find much searching analysis in this book. They may pride themselves at the finish that they are prepared to rush in where philosophers and prophets fear to tread. For they believe that civilisation may yet be saved, science and engineering may yet serve the ends of human personality, if, while there is yet time, men and women can rouse their will and determine that by sane combination the fullest power and freedom may be given to individuals to live life according to their own ideals—if they really awaken to the fact that the seat of moral responsibility lies in the individual human soul.

G. R. ROBERTSON

## Through the Professor's Spectacles

"Economic and Social History of Mediaeval Europe." By Professor H. Pirenne (Kegan Paul, 6s.).

AKNOWLEDGE of mediaeval economics, though not essential, is at least a useful canon for a Social Crediter, for the financier was not a social ornament but a social leech, and a transgressor of the laws of God and England; and of mediaeval society, for plenty was produced with the minimum of labour; the frequent feast days, which were not bank holy days, attest this. Moreover, by mediaeval standards the present financial system is not merely unsuccessful but inherently evil, and it is impossible to be a Christian without protesting against it.

On the first page of the preface, Professor Pirenne says he has "adopted an internationalist standpoint," and it soon becomes apparent that he is interested not in the catholic code of morals but in the suspect dealings of commerce. By using the volume of trade as his criterion of well being, the Professor is led into some doubtful statements, and one cannot help feeling that he is often straining the facts to fit into this theory.

His statement that "It is manifestly erroneous to consider the reign of Charlemagne as an era of economic advancement" (p. 6) may be set beside Ezra Pound's as to the variation of the price of wheat in accordance with justice during that reign; and his depreciation of a "purely agricultural state" beside G. W. L. Day's article, "Pernicious Montagnaemia," in Social Credit of November 13. The Professor is forced to admit that the serfs were

at least fed and protected, and were able to pay their dues in labour and kind. And he is shocked to find that the Kings of England stopped exports to Flanders in wartime. "There is nowhere any idea of trying to ruin the enemy by robbing him of his markets" (p. 92).

Perhaps only a Gesellite should reprove him for considering tallage (cf. the tax on stamp-scrip) as merely a burden, but the Professor loses all sense of proportion when he dismisses the Just Price in one sentence (p. 181); when he only mentions partnership in a pretty story (p. 47); and when he fails to make it clear what usury was (p. 139). And he is himself suspect when he implies that the Church's prohibition of usury has no meaning for our time, and calls civil legislation against usury "still more of a hindrance."

Partners were allowed to share the increment if they shared the risk, whereas the usurer suffered no risk, no loss, and no expense. The canonists, as Douglas, allowed a small increment for compensation, but the Professor thinks this an intellectual twist. He says much of capitalism, but uncensored exploitation was impossible until Calvin said that usury was not immoral.

The Professor gives us many geographical details, but he gives too much notice to his capitalists who "for the most part sprang from the dregs of society." He has tried to judge a period of less restricted spiritual, artistic and material life by the standard of 19th Century "progress." The account is not without occasional verve, and might harden the reader in Socialism; but he will not be led to ask why, if merrie England were a reality then, it should not be reinstated now; or to realise how all-important the best mediaevals thought clean finance to be, the aim of their religious fight against Montagu Norman's ancestor, the usurer, being to preserve the social credit of their people.

HENRY S. SWABEY

## What, Indeed!

"After the New Deal, What?" By Norman Thomas (Macmillan, 7s. 6d.).

THIS is a book by an orthodox American Socialist, who has nothing new to contribute to the solution of the political, social or economic problems of his own or any other country. Needless to say, he dislikes capitalism, private ownership, profits, nationalism and fascism, and finds salvation in a form of State Socialism, which even includes our old friend the Capital Levy. He vaguely admits that "something is wrong in the money system," but fails to perceive that his proposed capital levy would result in placing entire control of the economic life of the United States in the hands of the banks, since the levy can only be paid in money, and bankers are the only people who can provide this "commodity" in sufficient quantities.

Mr. Thomas is just as woolly as our own brand of Socialist as regards the object of a modern industrial system, though no doubt perfectly sincere in his expressed desire for less poverty and more freedom for the individual. On page 165 he quite rightly observes that the State is a means and not an end in itself, and on page 166 that "men work to live, not live to work." In face of which his axiom on page 161, "no income for any able-bodied adult without work," is sheer nonsense.

The root of his trouble seems to be that Mr. Thomas, although paying lip-service to the potential productive capacity of modern power-machinery, has not grasped that human labour is a diminishing factor in industry today, and that, so long as he gets an adequate share of the product, the ordinary citizen is not concerned with the technical or administrative details of how those products get into the shops. It is absurd to fuss about the method by which a pair of shoes is produced, so long as (a) the shoes are the sort required, and (b) the consumer has the price of them in his pocket. It is equally absurd to pretend that it is impossible to reconcile the interests of producers and consumers under some form of individual enterprise. After all, capitalism has produced the goods, and, as individuals, the capitalists' first interest is to sell them, just as the consumers' first interest is to buy; the only obstacle between them being a shortage of money in relation to price.

That I am not doing Mr. Thomas an injustice is, I think, shown by his remark on page 83: "The interest of the employer in the purchasing power of his own workers is not direct or great." If Mr. Thomas can show how industry as a whole can sell its goods without sufficient purchasing power in the hands of the consumers, who collectively compose the community, I for one will be grateful to him.

A passing reference on pp. 71 and 74 to Major Douglas, as one of a number of “monetary reformers,” is sufficient to show that the author has not found it worth his while to explore that avenue of escape from the economic impasse, which he deplures.

K.M.

## CORRESPONDENCE

### The Protocols of the Elders of Zion

*To the Editor of THE FIG TREE*

Sir, —In your February issue there appeared an article by Mr. Byrne, in the course of which he suggested that the question of whether the Protocols of the Elders of Zion were a forgery or not was immaterial. I must emphatically protest against even the slightest particle of credibility being attributed to this most outrageous of forgeries.

I am afraid that space will not permit me to give in detail their history, but it is now known that they are merely a plagiarism of a book by Maurice Joly, a Catholic and anti-Semite, which appeared in 1864, entitled “The Dialogues in Hell between Machiavelli and Montesquieu,” and which was a satire on the rule of Napoleon III; this book was adapted by an agent of the Russian bureaucracy in 1905 to justify the tyranny under which the people groaned.

The whole story appeared in *The Times* of August 16, 17 and 18, 1921, from the pen of their correspondent in Constantinople, and can be obtained in pamphlet form.

On May 19, 1935, the Cantonal Court of Berne, in an action brought by the Berne Jewish Community, pronounced the Protocols to be forgeries and plagiarisms, obscene literature, and ridiculous nonsense.

It is therefore obvious that for Mr. Byrne even to suggest that there is a scintilla of truth in these Protocols is an act which cannot be too strongly deprecated, and which can only tend to the further propagation of the wickedest forgery that the modern world has ever seen.

Yours faithfully,

SIDNEY SALOMON,

Press Officer, The Board of Deputies of British Jews.

*Mr. Byrne comments:*

(1) The essential fact is that the pattern of the world and the policy which is being pursued everywhere under financial domination, conform with remarkable accuracy to what was laid down in the Protocols many years ago. The truth of actual events cannot be disputed and no verdict as to the authenticity or otherwise of this document can affect its importance in this respect.

(2) In resenting attention being directed to the Protocols from the aspect put forward in my article, Mr. Salomon is likely to create an unfortunate impression.

(3) I submit that the Board of Deputies of British Jews could kill anti-Semitism in this country, with its vicious and anti-social propaganda, by recognising that there is a close connection between the Protocols and the appalling state of the world today and mobilising British Jews to take effective action to defeat the attempt to enslave mankind which is being made by those in control of finance. It is the absence of such action which can be misrepresented and misunderstood. Is it too much to hope that this will be the outcome of this controversy?

### No Admittance Except on Business

*To the Editor of THE FIG TREE.*

Sir, —For so long has consumption been the Cinderella of economics that we poor consumers have not even the privilege of a room of our own, but have to share it with a whole lot of producers, so-called. Is there new legislation

in the coal industry? Then the consumers' interest must be consulted. We glow with a gratification, and then discover that representatives, not of our meek selves, but of the gas, electrical, and metallurgical industries are invited, just as if they were consumers!

But if they do not produce coal, and assuredly they do not, what do they do with it except consume it? Well, they convert it; and since worms turn sometimes, let me point out to you, sir, that there are no producers.

Production, so-called, is the conversion of one thing into something else by the application of energy. Well, then, it isn't production at all, it is conversion. May I ask you to try your best to kill this word production, when it means conversion, and always, in any circumstances, to keep our consumers' room clear of all converters? Thank you.

W. L. Bardsley

*Read*

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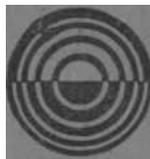
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