

# THE NEW TIMES

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*"Ye shall know the truth and the truth shall make you free"*

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## MUMBO-JUMBOISM: THE RELIGION OF UNQUESTIONING ACCEPTANCE

**We all know of the intimidations of Galileo, the early Italian astronomer, at the hands of instituted Authority. His "heresy" was to propound that the Solar System as understood in those times, was heliocentric, it circled around the Sun. Authority dogmatised that the universe was geocentric: it circled around the Earth; contrary views were heretical. Galileo was shown the instruments of torture to silence him.**

C. H. Douglas has commented many times, albeit indirectly, upon the frailty of the human mind, with particular respect to its blind acceptance of so-called economic "laws", when such are propounded by the representatives of instituted Authority in this particular field. This must be a form of hypnosis, for those hypnotised will defend their intellectually embraced falsehoods fiercely. Some other process is at work also—some believe that intellectual pride is involved. A challenge to intellectually embraced theories becomes a direct challenge to the integrity of the individual holding such. Rare indeed are those souls—the geniuses of Science—who can discard their own theories when these are demonstrated by others to be false. This must be one of the reasons that, as has occurred so often throughout history, major breakthroughs in a specialised field of knowledge have come via the agency of some original thinker quite outside that particular field.

We think of George Westinghouse, an insurance specialist, who devised the Westinghouse brakes for rolling stock on railways because of the huge claims his company was meeting due to collisions attributable to faulty braking systems. We think again of C. H. Douglas the mathematical engineering genius, who by a set of fortuitous circumstances (Were they? "There is nothing we fear more than individual initiative; and if such initiative has the force of genius behind it, it can upset our labours of centuries") unravelled the "mystery" of the modern finance-economic system, and its joint role, with International Communism, in the destruction of freedom everywhere. Already the world's greatest empire has been dismantled by the agents, witting and unwitting, of the Finance-Communism conspiracy—no other word will suffice.

The disclosures of C. H. Douglas will one day be accepted, because they have been proved, as truths of this world; just as we in the twentieth century accept that the solar system is heliocentric; because it has been proved. In future days men will ponder the stupidity of their ancestors of the 19th and 20th centuries, who not only accepted ridiculous economic dogmas, but also ridiculed and persecuted those who questioned them.

Such dogmas as the "productivity" myth (we must "produce" ourselves out of inflation); the "full employment" myth (the true purpose of the finance-economic system is to produce "full employment" for all); the "favourable balance of trade" myth (we grow "rich" on exports, by sending our natural wealth out of the country, and receiving in exchange some figures in books). The modern environmentalists have a hazy, whilst instinctively sound, notion that there is a fallacy somewhere. Unfortunately, skilled Communists have penetrated their ranks and turned their aggrieved feelings against large producer combines and monopolies, themselves merely creations of Monopoly Finance; and against the Establishment in general. The real enemy looks on.

One such persecuted (by Authority) was the late Professor R. F. Irvine, some time Professor of Economics at both the Universities of Sydney and Adelaide in the twenties. Small wonder: he insisted upon the works of C. H. Douglas being studied as part of the Economics Course at the University of Sydney. Professor Irvine had this to say in his fine work—*The Midas Delusion* (sorry, not available)—when speaking of his students: "In after years, no doubt, some of them would realize to their cost, how great and terrible is the power that resides in Mumbo-Jumbosim, the religion of the accepted. Some of them, perhaps, when they went out into the world, would deem it best to compromise, lest the great God 'blast them utterly with his thunders and lightnings'."

On the beginnings of his clash with, and rejection by instituted economic Authority of the day (1912) he says: "On my appointment to the Chair of Economics at the University of Sydney, a very courtly old gentleman expressed the hope that I would confine my teaching to generally accepted doctrines and 'authorities', nothing later, say, than John Stuart Mill, though he understood that Marshall was 'sound'. He particularly warned me against that 'damned scoundrel', Henry George. (Professor Irvine would already have been aware of the fallacious dogmas of Henry George.)

"Naturally the old gentleman was a protectionist, and a large property owner. We found ourselves unable to

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## DOES AUSTRALIA NEED ITS OWN "BRICKER AMENDMENT"?

**There is much radical legislation now coming forward in Canberra, which was fed into the law-making "pipeline" by ex-Senator Lionel Murphy; now a judge of the High Court of Australia. Typical of such legislation are the Human Rights Bill, the Family Law Bill, and the Racial Discrimination Bill.**

The Human Rights Bill and the Racial Discrimination Bill are being foisted on the Australian people by the Canberra Socialists by means of the agency of what is known as the "external affairs" power of the Australian Constitution. This does enable the Parliament of the Commonwealth of Australia to frame legislation to accord with an international treaty to which the Parliament of the Commonwealth of Australia is a signatory. Australia's membership of the United Nations Organization is by treaty; so certain Declarations of the U.N. covering Human Rights and Racial Discrimination, by means of this "external affairs" power, presumably can be framed into law.

We say "presumably" advisedly, because there is an element of doubt that, indeed, such legislation is fully in accord with the Australian Constitution. A member of the Opposition Shadow Cabinet has said recently that the Government does not have the power to legislate in the area of race relations, but is using (or perhaps abusing) this "external affairs" power. Furthermore, the present Federal Attorney-General (Mr. Enderby) has recently stated that in his opinion the controversial Discrimination Bill will eventually find its way into the High Court of Australia; meaning that it will be challenged. So it will be.

In his book *Richard Nixon: The Man Behind the Mask*, Gary Allen has this to say: "Another extremely important issue that Nixon used to sabotage Conservatives and anti-Communists was the Bricker Amendment. The Bricker Amendment was framed by Ohio Senator John Bricker, who was concerned that treaties entered into by the President superseded the (American) Constitution. His argument was based on a statement made by John Foster Dulles before the American Bar Association, in Louisville, in 1952. Dulles had discussed the status of treaties in international law and under the Constitution. He pointed out that the Constitution specifically says (Article 6) that approved treaties "shall be the supreme law of the land". He added that such treaties 'are indeed more supreme than ordinary laws, for congressional laws are invalid if they do not conform to the Constitution, whereas treaty law can over-ride the Constitution.'

"The Bricker Amendment forbade the President to

enter into any treaty that would supersede the Constitution of the United States, and to deny to any citizen the rights guaranteed by it. One would suppose that no elected official could oppose the Bricker Amendment. The Amendment was specifically aimed at the United Nations Charter, which is a treaty; Bricker feared that we were headed for 'socialism by treaty' through the United Nations. Under the Bricker Amendment it would be impossible to surrender our sovereignty to a world government by treaty."

Allen goes on to say that the Bricker Amendment was anathema to the World Government clan, and was denounced as an interference with the treaty-making power of the President, etc. Allen says that the man responsible for the defeat (by one vote) of the Bricker Amendment was Richard M. Nixon.

It is obvious that this issue, now in full emergence in Australia, and vital to Australia's well-being, will have to be examined by constitutional experts, and we trust that the Federal Opposition has instructed its experts to do just this. Previous League of Rights literature has made the point that ex-Senator Lionel Murphy's Human Rights Bill is fraudulent; it will not guarantee the individual's rights at all. These are adequately protected by Common Law. By the process of defining the individual's rights, they become more limited. What is not defined is not a right!

The Racial Discrimination Bill was initiated by ex-Senator Murphy, in which not only Mr. Al Grassby, Special Consultant to the Whitlam Government on Community Relations (jobs for the boys!) had a hand, but also Miss Junie Morosi, private secretary to Dr. Jim Cairns, Deputy Prime Minister of Australia (jobs for the girls!). This Bill places the onus of proof of innocence on the individual—a most vicious reversal of the traditional principle of British justice, viz. that an individual is innocent until proven guilty.

Quite apart from this principle, it is impossible to legislate on attitudes towards approval or disapproval of the race, religion, etc., of others. Such attitudes evolve organically, and are not changed by laws made by politicians; except to add bitterness to them, as well the real promoters (in the background) of such legislation know. So their true purpose is other than those stated.

Conservative Australians must bring this whole subject to the attention of their paid servants in Canberra. Time is running out.

## ECONOMICS, OR POLITICAL ECONOMY?

By C. H. DOUGLAS

An address to the Marshall Society of Cambridge (October 20, 1938).

In those far distant days when it was my painful duty to sit for that charming examination known as the "Little-Go" Greek was compulsory. I believe wiser counsels have since prevailed. I knew about as much Greek as some of my critics think I know about economics, so there was only one thing to do, and that was to learn, by heart, the two books, which were set for the examination, together with a convenient 'crib'. To dispose of this particular aspect of the crime-wave, which overtook me at that time, I obtained 87 percent in Greek, which shows what a really useful thing some examinations are. I might mention that the feature in the situation, which kept me awake at night, was whether I should translate several sentences more than the examination paper required, since I was not quite sure where any particular sentence began or ended! However, all went well.

But there is good in everything. The two set books were the Gospel of St. Matthew and a little volume by Xenophon called "Oeconomicus", which, as I feel sure I need not tell you, does not mean "economics" but "household management". You will no doubt be surprised to hear that in my opinion, however, both of these are treatises on political economy, although, no doubt, from widely different points of view.

In regard to the first, it must surely have occurred to many of you that the explanation given of the persecution of early Christianity as having a religious basis, is incredibly thin, when you consider the tolerance of the Roman Empire of that day in regard to what are so amusingly called "pagan sects" at the present time. Without wishing to trench on a subject which is not mine, it has always been my view (perhaps derived from the intensive study of St. Matthew just mentioned) that the four Gospels contain an economic and political philosophy which was immediately apprehended by the ruling powers of those times, and actively disliked, and I believe that the difficulties and dangers with which the world is faced today arise out of exactly the same conflict.

As usual, the issues are not so clearly defined in Great Britain as elsewhere. *Ars est celare artem* is highly developed in this country. We find the real objective disclosed in a cruder form in the totalitarian States, such as Russia, Italy, Germany, in regard to which, in this particular matter, I make no special distinction. Put shortly, it is the exaltation of organizations over individuals. The glorification of the State in the first place, and of such things as Law, or the instruments of State sanctions, such as the Army, etc., is a corollary.

The antithesis to this is the conception that any organization is merely a convenience for collective action which, both to retain its essential nature and its virility, must be based on the assumption that everyone who joins it is free to leave if they find that it is disappointing. I have fre-

quently suggested that the difference is the difference between compulsory cricket and Saturday afternoon cricket. In no case does it mean that the society holds a committee meeting every five minutes to alter the rules, but in one case it does mean that an individual who does not like the rules can play golf, whereas in the other he has to "grin and bear it".

We are supposed to be a democracy in this country; we are, of course, nothing of the kind. We are a skilful and not very scrupulous oligarchy, tending rapidly to a financial dictatorship, with an administrative dictatorship in the background. We have become infected with Oriental ideas, and all the forces of education and propaganda are enlisted in their service.

At this point it may easily occur to anyone to ask, "To what does this tend? What is the objective?"

It is not very easy to answer this question concisely, but probably the nearest approximation to a correct short answer would be "The perpetuation of the Slave State". I may shock you by saying that I believe that the Slave State was necessary to enable some people to have leisure to think, but it is not necessary now.

There is, I think, more to it even than that. Organizations appear to acquire a separate existence and character of their own, even temporary organizations, such as mobs. It is well known that a mob will commit and endorse sentiments for which no single individual in the mob, if approached separately, would take responsibility. The relations between nations are on an immeasurably lower level than those, which would be tolerated between individuals, yet Governmental bodies pretend to impose their policies in the name of morality. A Government Department will act officially in a way which would land an individual in gaol, as well as incurring for him complete social ostracism, yet we are asked to regard them as the fine flower of Socialist ideals.

It seems, therefore, taking all these matters into consideration, that the problem, which the world has to face today, is only secondarily a problem of economics, but is primarily one of political economy. In other words, an appreciation and rectification of the use which is made of economic realities is required, rather than to modify very seriously the facts of those economic realities themselves.

The professional economists seem to have concentrated their energies over the past 20 years or so largely on an enquiry as to *what* goes on in the world of economics, rather than *why* it goes on, and to what it tends. There can be no discussion as to the desirability of making sure of your facts, but I am more than doubtful as to whether economists, on the whole, do make sure of their facts, or really know a fact when they see it. It is beginning to be generally recognised that mere money estimates of eco-

conomic activities are almost valueless. I am inclined to think that it is not so generally recognised that you cannot place any rational interpretation on figures obtained by such methods as the census of production, or other similar returns, until you have information as to the destination of the production, the policy which was the cause of the production, and the probable short and long-range effect of this policy. For instance, Herr Hitler has been informing German people for some years past that they could not have both guns and butter. It is open to anyone to question whether Germany has been producing guns, or liabilities, looked at from the point of view of the individual.

There is one measure which is fundamental to any appreciation of the economic facts, and that is the measure of the potential rate of production and perhaps even more importantly, the change of rate, or what we engineers would call the *acceleration* of the rate of production. Now, I do not think that mere statistics of the *actual* change of rate are of very much value because the *actual* change of rate is dependent on numbers of purely artificial restrictions, such as lack of purchasing power, etc. But the *potential* rate of production is almost entirely dependent on the available amount of energy, and I do not exclude from this statement the consideration of the supply of what are called "raw materials". "Economic production" is a misnomer—there is no such thing. There is the change of form by which we make a simple thing into something more complex, and this is always accompanied by the dissipation of energy. Using this conception, we can say that there is about 4 horsepower available for every one of the population of this country, and a horsepower is commonly considered to represent the work of ten men and this energy is available for 24 hours a day instead of 8 hours, so that each of us has 120 slaves available. The potential rate of production is probably, therefore, over 100 times what it was, let us say, 150 years ago. In other words, a reasonable standard of living ought to be available for all of us with a very trifling amount of work.

Now why do we find that economic insecurity is greater than it ever was? For myself, I have no hesitation whatever in giving you a short answer: it is the insistence upon a policy of universal employment, a policy that is pursued in flat opposition to the fundamental necessities, which are revealed by the general economic position. Whereas the underlying necessities of economic production require, in fact, less and less attention by fewer and fewer of the population, we are insisting on more and more attention by more and more of the population. We are not doing it to ensure a good life; we are doing it because we pretend that our system of forced work is a "moral" system. That is a primary conception of Whig politics.

Those of you who live in the North must be familiar with a large number of farms, many of them becoming derelict, which bear the names of Manor Houses. In Cheshire, for instance, nearly every farm of any size is called something or other 'Hall'. A couple of hundred

years ago these represented the homes of independent, leisured families. Admittedly, there was a small (surprisingly small) portion of the population living in poverty. I doubt very much if the percentage was anything like one-tenth of the population. The rest of the population was comfortable, independent and confident. With immeasurably greater potentialities today for leisure, comfort and security, we have a larger percentage of indigence and a rapid proletarianising of an increasing portion of the population. That is not economics—it is "work" exalted to the main object of political economy. From it flow not merely the consequences upon which I have just touched, but because of the theories of the balance of trade, the necessity for international trade, and so forth, all of them emanating from Oriental ideologies, it is the primary cause of war.

While an intellectual appreciation of it is obviously the first step to anything practical in regard to this situation, it would be a profound mistake to assume that that is sufficient. It is my opinion that the problem, which requires urgent attention beyond all others at the present time, is the relationship of the individual to his institutions. At this time none of us can be unfamiliar with the fantastic lengths to which the exaltation of institutions proceeds. An institution, whether it be a nation or some constituent part of it, is, at bottom, nothing but an association of individuals for their own good, and when it ceases to be such it is a danger and not a benefit. The claim, which is made that institutions are all-important and individuals have no importance, is just exactly that claim which was challenged 1900 years ago and which must, as a matter of practical politics, be again challenged if civilisation is to survive. Institutions have their uses and, in fact, civilisation is probably impossible without them. They are good servants, but bad masters, and they have one very dangerous feature—a tendency to self-perpetuation. That is one reason why experts are such dangerous people. The average expert becomes so fascinated with the institution, which gives rein to his expertness, that it becomes an end in itself, rather than a means.

Cambridge has a great responsibility in this matter. It is the Whig university, and the policy of this country for the last 200 years has been a Whig policy and is a Why policy today. The first modern Dictator in Europe was the Whig idol, Cromwell. Merrie England ended with his rise.

I offer no opinion as to whether history, when it comes to be written, and if it is written truthfully, will regard the past 200 years as being an inevitable phase through which we were bound to pass, but I am quite confident that whatever virtues that period may have had, it has none now—that the hysterical cry for yet more work, yet more employment, sacrifices, higher taxes and all other corollaries of this policy, together with the bureaucracy and encroachment on elementary rights and liberties which is its accompaniment, should not only be firmly resisted, but reversed.

## **PROPOSED CANADIAN EMERGENCY MEASURES TO HALT INFLATION OF PRICES**

**Mr. Real Caouette, veteran Social Credit M.P. in the Canadian House of Commons, has challenged the Trudeau Government on the inflation issue in a most practical manner, introducing "An Act to Provide for Emergency Measures to Deal with the Inflation of Prices". The Trudeau Government, which has no solution for inflation, has attempted to suppress proper debate on Mr. Caouette's proposed emergency legislation, which will be of interest to our readers everywhere.**

Whereas the accelerating and persisting inflation of prices is causing Canadians widespread hardship and concern and is undermining the national economy; and

Whereas inflation of prices is generated by the monetary system as evidenced by the presence of inflation in greater or lesser degree in every country operating the same monetary system, although having different currencies and varying fiscal policies; and

Whereas the monetary system, once considered sound, must now be presumed to be seriously defective;

Now, therefore, Her Majesty, by and with the consent of the Senate and the House of Commons of Canada, enacts as follows:

Short title

1. This Act may be cited as the Emergency Counter-inflation Act.

### **PART I**

#### **National Monetary Authority**

2. Notwithstanding the provisions of any other Act, the Governor and the Deputy Governor of the Bank of Canada and the Deputy Minister of Finance shall, in addition to their other duties, constitute a National Monetary Authority under this Act and in that capacity shall be jointly and severally responsible through the Board of Directors of the Bank of Canada to the Minister of Finance and Parliament for the efficient operation of the Canadian monetary system to ensure:

- (a) The maintenance of the internal purchasing value of the dollar to reflect the progressive increase in the per capita productive capacity of the economy with the advance of modern production techniques;
- (b) The protection of the national economy and of the Canadian dollar from external pressures and adverse influences;
- (c) The distribution to Canadians of purchasing power adequate to purchase the goods coming into the retail market without the progressive pyramiding of debt;
- (d) The reversal of the inflation of land and property values to reduce these to at least the level existing ten years ago.

#### **Proposals to be submitted to Parliament**

3. The National Monetary Authority shall be required, as a condition of their tenure of office, to lay before the Board of Directors of the Bank of Canada within a period of one year from the time they assume their new responsibilities proposals for submission to Parliament through

the Minister of Finance giving effect to the foregoing provisions on a permanent and continuing basis; such proposals shall rectify the defects in the operation of the present monetary system which are resulting in inflation of prices and land and property values, in labour-management strife, in mounting debt, in increasing taxation, and in general economic instability.

### **PART II**

#### **State of national emergency deemed to exist**

4. For a period of one year from the time that this Act comes into force a state of national emergency shall be deemed to exist and the Governor in Council shall declare such measures as from time to time may be necessary to safeguard the public interest, provided that such measures are brought before Parliament for approval within a period of three months from the date of their proclamation.

#### **Emergency measures**

5. The following emergency measures, which shall be the administrative responsibility of the National Monetary Authority, shall take effect when this Act comes into force and shall continue for a period of one year or for such period as the Governor in Council shall proclaim, but in no circumstances shall the period be extended beyond eighteen months without the approval and consent of Parliament.

- (a) During the period of national emergency, the transfer of funds out of Canada for any purpose whatever shall be prohibited except on such conditions as the National Monetary Authority shall specify.
- (b) The National Monetary Authority shall from time to time announce the operative rate of exchange of the Canadian dollar with other currencies for purposes of sales to and purchases from other countries.
- (c) All chartered banks shall be licensed by the National Monetary Authority and shall be obliged in order to receive and retain such licenses to maintain against their deposit liabilities cash and deposits with the Bank of Canada equivalent to the total amount of such liabilities. Chartered banks shall acquire such deposits with the Bank of Canada by surrendering the securities they hold against their deposits.
- (d) Retail merchants shall be invited by the National Monetary Authority to register with their respective banks under agreement requiring them to
  - (i) provide accounts audited by a registered accountant, as herein provided, showing their total purchases

for stock, their total sales from stock, and their gross profit on turnover; such accounts shall be for such periods and in such form as the National Monetary Authority shall direct;

(ii) undertake not to exceed an agreed ratio of gross profit on turnover, such ratio varying with the several categories of the retail trade;

(e) Accredited accountants may apply for registration as approved auditors under the preceding sub-section. Any approved auditor found deliberately falsifying or otherwise approving an incorrect statement of account for a registered retail merchant as required by the National Monetary Authority shall be liable to a fine and cancellation of his certificate of registration.

(f) Registered retail merchants shall be authorized by the National Monetary Authority to sell their goods to the public at prices as now computed discounted by such percentage as the said Authority may from time to time announce. The initial discount shall not be less than 30 percent.

(g) In consideration for discounting the prices of the goods which they sell to the public, retail stores shall have their banking accounts credited by their respective banks with the total amount of the difference between their sales at authorized discounted prices and the selling prices before being discounted; the Bank of Canada shall, in turn, credit the accounts of the respective banks with the same amounts.

(h) Every Canadian citizen over 18 years of age shall be entitled to apply for a basic security income of \$100 per month, which he shall receive if eligible irrespective of any earned or investment income of which he may be in receipt, and such security income shall be inalienable except as hereafter provided. Parents and guardians of dependants who are Canadian citizens and under 18 years of age shall be entitled to receive an addition to their security income of \$50 per month for each such minor for whom they are legally responsible. Security incomes shall be credited to the banking accounts of recipients and the Bank of Canada shall, in turn, credit the accounts of the respective banks with equivalent amounts. All unemployment benefits, welfare and children's allowances, and similar payments other than veterans' pensions, disability pensions, widows' pensions, and old age security pensions shall be discontinued.

(i) In consideration of the lowering of the cost of living by discounted retail prices and payment of security incomes, all wages, salaries, fees, commissions, and rents shall be reduced by 25 percent below the level existing on December 31, 1973; and all profits, dividends, and other emoluments comprising personal or corporate income, shall not exceed 75 percent of the levels of the taxation year ending December 31, 1974. (j) A person registering for receipt of a security income shall indicate the type of employment for which he is

qualified and, if such employment is available and he refuses to accept it, he shall render himself liable to suspension of his security income. (k) During the period of emergency, strikes and lockouts shall be illegal and all disputes shall be settled by specially constituted labour relations courts. Engagements by any union or association in an illegal strike shall render its members liable to suspension of their security incomes.

(1) No person or corporation shall charge a rate of interest in excess of 5 percent on any loan, mortgage, debenture, or any other debt instrument; interest on deferred payments for goods shall not exceed one half of one per cent per month on the unpaid balance.

#### **Provisions of Act prevail**

7. Should any conflict arise between the provisions of this Act and the provisions of any other Act of the Parliament of Canada, the provisions of this Act shall prevail.

#### **Construction**

8. Nothing in this Act shall be construed as requiring expenditure out of the Consolidated Revenue Fund or a parliamentary appropriation.

### **THE INSTITUTE OF ECONOMIC DEMOCRACY**

A Division of the Australian League of Rights—offers a unique service in Australia. The only organisation genuinely explaining and providing specific answers to the financial and economic dilemma gripping the Western World, the Institute is the source of information from which genuine advocates of free enterprise, private property and economic democracy - - consumer control of the productive system—can gain the concise explanations and solutions needed for a return to sanity.

The Institute of Economic Democracy, P.O., Kingstown, via Armidale, N.S.W. 2350.

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## SOCIAL CREDIT IN SUMMARY

By ARTHUR BRENTON (*Editor of The New Age*)

No solution of the economic problem is possible without a radical change in the credit-policy of the great banks. Until that change takes place, there is nothing that employers or employed can do—even with the best will in the world—to establish peace and prosperity. Their present attempt to agree on a principle for distributing dividends and wages in equitable proportions must fail, because, in whatever proportions they are distributed as between the two parties, the total sum is insufficient to meet the costs of production now accounted into prices. A living wage will kill industry; and a living profit will kill the workers. The only possible solution is to put new money into the pool from which they both draw their incomes. Is this feasible? Is it reasonable? The following summary is an attempt to justify an affirmative answer to both these questions.

1. Money, in the modern world, is made of paper, and is intrinsically valueless. (The amount of coined money is negligible.)

2. The bulk of this paper money is in the form of bank credit, circulating by cheque; the small balance being State credit circulating as currency notes (the "small change" of society).

3. These two forms of credit together are **financial credit**.

4. Financial credit derives its utility entirely from the activities of the people who use it—namely, the whole community.

5. The prime ownership of financial credit is therefore communal. It is the public's, not the banker's credit.

6. When a bank lends financial credit it increases the total amount in circulation. (Rt. Hon. Reginald McKenna. Chairman of the Midland Bank, in Annual Speeches. 1925. 1926, 1927.)

7. When a bank receives repayment of financial credit it decreases the total amount in circulation. (The same Authority.)

8. Financial credit repaid to banks is cancelled: it no longer exists, even in the records of the banks. Repaid bank loans "destroy deposits". (The same Authority.)

9. The amount of financial credit in circulation in any country depends entirely upon the actions of its bankers in creating and issuing it, and in retiring and destroying it. (The same Authority.)

10. These actions are performed by the bankers for and on behalf of the community. (5.)

11. Industry and agriculture are carried on by means of financial credit. Financial credit invariably enters circulation as bank loans. (6, 9.) Economic activities are carried on by means of such loans. (2.)

12. Investments of "savings" are no exception: for all savings have been derived from previous bank loans.

13. Banks lend financial credit to initiate acts of production.

14. Bank loans represent a communal mortgage on contemplated production. (5, 10.)

15. The mortgagors (borrowers) are the producers; the Mortgagees (lenders) are the whole community. The banks are the "solicitor" in the transaction—the community's agent—and their interest charges correspond to a "lawyer's fee".

16. Bank-loans to producers virtually give the community a lien (15) on the total production referable to those loans. Industry owes the credits to the community. (5, 10.)

17. On the subsequent repayment of the loans to the bank, the bank cancels the community's mortgage.

18. The financial credit applied to the repayment has meanwhile to be collected in full by industry from the community. There is no other source from which industry can acquire **non-borrowed** money. (9.)

19. The community must, therefore, pay industry all the credit necessary to discharge the mortgage on **total** production.

20. In return industry delivers **consumable goods** to the community.

21. Consumable goods, however, are only a small proportion of **total** production. Industry retains the rest in the form of factories, plant, tools, materials, etc., "fixed" and "working" physical "capital".

22. This physical capital now becomes the property of industry. Industry attaches a cost value to it—this cost being calculated as a proportional part of the original credit borrowed for the **total** production.

23. Industry then accounts this "cost" into its future prices to the community for deliveries of goods to be made out of, and by means of this acquired physical capital.

24. Industry, having collected all the original credit from the community to **release its physical capital** from the communal mortgage, now expects to collect **a large proportion of the same sum** again as a **charge for the wear and tear**, or "use", of **that same capital**. But no part of the original credit has come back to the community. The banks have destroyed it all. (7, 8, 9.)

25. **This is the prime cause of the economic impasse.**

26. The most familiar symptoms of this impasse—namely, strikes and lockouts—arise from a **general** shortage of credit in the community measured against industry's collective prices. Neither Capital nor Labour causes the shortage.

27. The equitable principle of an effective remedy must be: that in respect of all bankers' loan-credits the community, as the ultimate lenders (10), must **retain their lien** (14) on industry's physical capital, only **gradually** relinquishing the lien as and when that capital is physically used up in the process of making **and delivering** consumable goods to them.

28. The equivalent financial principle must be one which recognises the community's **right** at any time to receive financial credit equal in amount to the cost (22) of the physical capital, etc., which exists as "industrial property" at that time. This right would not be completely extinguished until the "property" had been completely transformed and distributed as consumable goods. The community would initially be credited as Mortgagees (15) with the total amount of **their** (5, 10) original loan, and this credit would be diminished at **no greater rate** than that at which the mortgaged property itself was converted and delivered to them. For this purpose the Government, as representing the community, should open and keep a "national ledger", in which the cost of general production and consumption would be recorded.

29. The method of applying the principle should be that which causes the least disturbance to current commercial practices. **As between banks and industries**, (a) the prompt repayments of credits in full, and (b) the total cancellation of these credits on repayment, are probably the most convenient. That is to say, the community initially consents to the cancellation of **all** its credits to industry, while receiving only **part** of industry's total production. But, as and when the other (the retained) part becomes ready to pass over from industry to the community in the form of consumable goods, an equivalent proportion of the **prematurely cancelled** (24) credit should be re-created by the banking system at the instance of the Government, and issued to the community in the form of a free (non-loaned) National Dividend, thus enabling consumers in general to defray the costs which industry is entitled to attach to such deferred deliveries of past production.

30. To ensure that the Dividend is used for consumption it should be paid to retailers on the condition of their allowing their customers a discount collectively equal to the sum so paid. The payments would be made periodically.

31. Some specific consequences would be (a) to raise, continuously and progressively, the **purchasing power** of all existing wages, salaries, and dividends as applied to the purchase of the things which individuals require—the "means of life"; (b) to remove all restrictions on producers' **natural** incentive to work their plant at full capacity (their collective rate of profit would now be proportional to their rate of actual deliveries to consumers); (c) to ensure to industry the recovery of **all** its costs from its **home market**; so relieving it from the necessity of exporting products **merely for the sake of financial revenue**;

(d) to enable industry to make instant use of every new invention which increases national productivity, without sustaining financial losses by reason of the supersession of obsolete methods; (e) to evoke willing co-operation between master and man in a national economy, and between nations themselves in a world economy.

32. The general effect would be **instantly** to raise the destitute above the poverty line, and proportionally

improve the condition of every class above them; thereafter progressively to increase the **relative** prosperity of the poor—with the willing assent of the rich. The nominally increased purchasing power of the rich will cease to be effective directly they reach their maximum limit of personal consumption. Many of them are at that limit already; so that their incapacity to absorb more goods in an era of quickening production will automatically cause an overflow, which, in finding its level (as it must) will progressively dispose of the problem of the "inequitable distribution of wealth".

33. Herein is presented a scientific method for achieving humanitarian ideals, one that confers economic emancipation on all who need it without requiring economic sacrifices from those who do not.

34. The original extended analysis on which these shortened arguments and conclusions are based was first made by Major C. H. Douglas, whose works should be consulted by critical readers.

35. His recommendations are known as the **Douglas Credit Proposals or Social Credit Proposals**, and should be referred to by one of those names (preferably the first) to avoid confusion with other schemes of "credit reform" all of which demand merely increased issues of bankers' loan-credit, and ignore the **equal necessity for an accompanying retail-price policy**.

36. Every citizen may support the Douglas Credit Proposals without weakening his allegiance to his economic "class", political party, or religious denomination. In fact, it is his **duty** to disseminate them **within his own accustomed field**, wherever it is.

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accept this advice, and pursued our wayward course, which, we took to be the path of intellectual honesty. "And this path led us in the end to the discussion of Socialism, of Syndicalism, Anarchy, and even (later) of Russian Communism, so far as we were permitted to get reliable evidence about it. We thought it merely part of our job to know in what direction men's thoughts were moving. By this time all the members of our coterie were out of swaddling clothes, and would not have been afraid to argue the point with a real live Bolshevik! But clearly our intellectual curiosity was leading us into forbidden territory, and word went out that we were a dangerous crew—socialists, anarchists, communists, and Heaven knows what besides! The myrmidons of Mumbo-Jumbo were on the watch!"

The myrmidons of Mumbo-Jumbo are as much; we think more, on the watch today as in those far-off days. Social Crediters have every confidence that these myrmidons will be put to flight as a result of the impending collapse of the finance-economic system, and its subsequent regeneration according to the principles of Social Credit. Such will depend upon the dedication of "the few, who know what to do, and how to do it".