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NOTES OF THE WEEK

TO MAKE A NATION OF CONSUMERS

THE *Daily Express* is running a "Help Your Neighbour" campaign the object of which is to persuade people to buy more in order to give more work to their neighbours.

The idea (if any) behind this campaign is that people would spend more if they were persuaded or reminded to do so—an obviously absurd assumption.

This particular campaign may be dismissed as a mere advertising stunt; but it is, as a matter of fact, characteristic of the sole cause of modern poverty, which is, that the whole question of the origin and extent of purchasing power is completely neglected.

In a world in which the problem of production has been solved so thoroughly that any one of the big industrial nations is at this moment capable, alone, of producing all the manufactured goods that the rest of the world requires, nothing whatever is done to increase consumption. All attention is given to producing; none is given to buying. So much work has been done by every nation that none of them can consume the products of their work, yet the problem of all modern Governments is supposed to be that of unemployment—that is, of finding more work.

To put it shortly, Governments continue to devote themselves to making producers, when what they should do is to make consumers.

Production Planned—Consumption Left To Chance

And so, while production is planned with increasing care, consumption is left entirely to chance. It is as though governments and economists believe that consumers, like poets, are born, not made.

The reason why nobody attends to this problem is that economists and politicians of all parties still labour under the fallacy that the process of producing goods automatically produces and distributes enough money to buy them. An assumption which does not bear analysis in the light of the present enormous and obvious discrepancy between total prices and total incomes.

This complete neglect of the problem of consumption involves theories and practices the absurdity of which can

hardly escape notice from the general public. For example, the two main methods of attempting to improve trade to-day are the raising of prices, and the reduction of costs. But as the reduction of costs means the reduction of wages and salaries, prices cannot be raised because there is less purchasing power to meet them. Yet all over the world to-day we find traders and economists repeating these two mutually destructive demands.

The Buyers Who Never Turn Up

It is as if they believed in the existence somewhere of an army of consumers whom no one has ever seen, and who get money from no one knows where, but who will appear providentially at the right time (namely, some problematical date known as "the turn of the tide") and buy the goods that no one else can afford.

These consumers do not exist. The species Consumer is becoming extinct; the human race is developing into a race of beings who can make everything but buy nothing.

Social Credit Movement asserts that it is the first duty of a government immediately to create a nation of consumers, and that this can easily be done. In this age, when the machine is doing most of the producing, consumers can no longer be left to rely on the cost of production for their incomes.

The production of the machines will never be sold until the entire population is presented with a free money income from an entirely different source.

The source of this income already exists: it is Britain's social credit, in other words, the nation's capacity to produce goods and services. This is the real wealth of the nation, and wherever real wealth exists, a government can issue credit upon it in the form of money.

The issue of a National Dividend to every individual, sufficient to enable him to buy all he wants of the goods that are available, is a simple and practical solution.

If the gift of an independent income, which will abolish poverty and insecurity, appears fantastic, it is because people are so accustomed to the absurdities of everyday commercial life that they are not quite ready to face economic realities.

THE OTTAWA (DIS-) AGREEMENTS

Lord Herbert Scott, President of the Federation of British Industries, indicated in a recent speech at Sheffield that British industrialists are disappointed with the results of the Agreements entered into between Great Britain and the Dominions in 1932. He announced that proposals for their revision are intended.

This recalls the remark of another industrial leader when it first began to be realised that the Agreements were "disappointing." Before the Conference he said, "all British manufacturers were Ottawarians, but having seen the Agreements in operation, they had become Ottawarians."

British manufacturers hoped that the tariff walls round each Dominion market would fall before the blast of hot air from Ottawa. But still they stand, and they will continue to do so, for the policy of *economic nationalisation has come to stay*. The longer British manufacturers and their Federation refuse to accept this fact the greater must become the strain on Empire relations arising from the efforts of each constituent country to dump its unsaleable surpluses on the others. Only when the people of each country can buy all they want of their own production, by means of the increase of their own internal purchasing power, will they be able to regard imports with equanimity, and not as an attack on their livelihood. In other words, only by the adoption of Social Credit can the present defiant and competitive form of economic nationalisation be transformed into a means of increasing both the trade and the friendship between nations.

Before demanding the revision of the Ottawa Agreements, the F.B.I. would do well to demand the revision of the Bank of England Charter, for in the power of credit control which it gives to the banks lies the solution of the whole problem of finding markets for British goods.

THERE IS A SHORT CUT

Lord Halifax, opening extensions to Doncaster Technical College, contrasted the achievements of science and engineering with the nation's failure to take advantage of them. He gave a clear picture of the paradox of price—how the abundant necessities of life were too dear for the millions who needed them and too cheap for those who grew or made them.

Yet this was the "solution" offered by Lord Halifax, member of the Cabinet: "There are no short cuts through many of our problems and the best contribution any nation can make is to give the best possible equipment of hand, mind and spirit . . ." etc.

That sort of empty nonsense is an insult to the intelligence of any audience, but in this case it happens to be seriously incorrect. "No short cut" is the age-old excuse of authoritative ignorance or indifference. There *is* a short cut through every single problem that ever confronted mankind; and to say there is not, only means that you don't happen to know, or care, what it is.

The short cut to the solution of poverty-in-plenty is to increase purchasing power by giving the nation enough money to buy the goods it produces. The only impediment to that cut is the banks' control of the nation's credit; and the cut through that, by an Act of Parliament, is so short that politicians, accustomed to wandering in mazes, may perhaps be excused for not seeing it.

WISDOM FROM CHAMBERS OF COMMERCE

The recent autumn meeting of the Association of British Chambers of Commerce at Norwich was not quite fruitless, for the President, Mr. S. R. Beale did at least explain the first condition of a trade revival, which is, apparently to persuade all foreigners to subordinate their own interests to ours.

He said that "quite close, in several places in Europe," the market did exist for vast quantities of our primary products, and he was sure that, judging by the comparative prices of bread, butter and meat in various European countries, their farmers would not really be much worse off if they could import considerable supplies from us.

This was his suggestion for "developing our great industry of agriculture." From this we learn that whether or not the British people ever enjoy the fruits of British agriculture, they must be sent to Europe first, and the only way to increase our home industry is to ask foreigners to oblige us by accepting, at higher prices, the produce our own people cannot afford to buy. In return for that obligation, we are to "develop and perfect" our tariff system, so that our own

people can "absorb from our own factories as steady a volume of goods as they used to absorb from foreign factories, if not a rather greater volume."

So the foreigner is to take more from us while we take less from him. Previous to this he had said that the principle of accepting goods and services in payment of debt must be maintained; so apparently the principle is to be observed by all nations but ourselves. This is perhaps what is meant by a "most-favoured nation clause," and is presumably based upon the assumption that it was at heaven's command that Britain first arose from out of the azure main.

HARDLY FAIR, WE THINK

Sir Arthur Samuels, M.P., at the Chambers of Commerce meeting referred to above, delivered himself of harsh words, thus:

"In a world where the greatest prizes are reserved for initiative we seldom come across an economist who can teach in lucid language how to start a successful new business, and how to increase the profits of an old one . . . What have economists contributed to a trade recovery?"

This was hardly fair. To begin with, that is not an economist's job. His mission in life is to promulgate "economic laws" in the service of sound finance, and these laws are concerned with a higher sphere of life; they have no connection whatsoever with the vulgar word of buying and selling.

Again, we see still less cause for complaint when we know Sir Arthur's own views of economic laws. He said:

"When all is said and done employment and the standard of living depend finally on our export trade. Unless exports are sold at a profit employment cannot be increased or resultant wealth divided up."

No sound economist would have anything to say against the rule that in a labour-displacing age the only way to get money was by employment, and that the only way to increase trade is to export our surpluses to foreigners who can't afford it, so as to enable the financiers to lend them money to buy it with—which, "when all is said and done," is the only object of a nation's trade.

THE LABOUR PARTY AND NATIONALISATION

The Labour Party in conference last week proved, by its indifference to financial problems, that it is still the unconscious servant of the banks.

The fundamental issue of the Conference was the time-honoured irrelevancy, Nationalisation, and its debate upon the question of compensation to the owners of nationalised industries might have been carried on ten years ago. It has been repeated, the supposition and deficits on nationalised industries could be met out of increased taxation—presuming that maldistribution of income, not insufficiency of it is the real problem. They will "compensate the individual capitalist" by "levying on capital as a whole" which drew from Sir Stafford Cripps the retort that increased taxation was as much "confiscation" as the terminable annuities proposed by the Socialist League Minority.

Both sides—the Labour Party Executive and the left-wing Socialist League—accepted the assumption that in producing goods the industrialists also produce money, and that money is therefore a quantity, of which the surplus, unjustly allotted (to the "capitalist") at one point, can be transferred to another point in the social system by taxation, without reducing either production or purchasing power in the process.

Not a voice was raised to point out that the source of money is entirely separate from the sources of goods. It was assumed that a nationalised banking system would in some mysterious way direct money into socially useful channels, without any change in the cost-accountancy of industry. No suggestion of monetising the real value of the community's productive power was raised. The principles governing creation and destruction of money, and their effects on nationalised industries, were not discussed. They believe that no more than ownership and administrative change is involved.

The myth upon which the banks' power depends has been imposed upon the Labour Party with complete success. Regarding banking as a "business" like any other, Labour will "take it over" with the rest, to ensure that the money-tokens, and those "resources" of which bankers speak as if they were commodities stowed away under a counter, shall be fairly distributed. Labour has swallowed monetary conventions whole. There will be no "financial crisis" to prevent the Labour Party taking office next time.

THE SOCIALISATION OF CREDIT

One would think that it cannot be long before some appreciation of the root financial problem will take effect in the members of the Labour Movement, despite their leaders' tenacious grip of conventional principles.

Their problem is poverty; they are aware of the nation's resources in real wealth. Sooner or later they must enquire into the nature of this intangible by which the supply of all tangibles is restricted. They must ask: "Why, unless book-keepers, ink and paper are scarce, should the mere fact that industrial plant is privately owned, prevent distribution by the 'money-industry' of sufficient money-tokens to enable us to buy what we need of this abundance of goods? Can the profits of private owners really account for our lack of money, seeing that the entire income of the nation, if shared out, would amount to but a pound or two a week?"

And if, further, they find that public enterprises are as much hindered as private ones, they must surely begin to realise that money is created and destroyed without reference to the needs of either employer or employed. And if such a point is reached, they will demand that before even the Bank of England is nationalised, let alone any industry, the sacred principles of finance, hitherto unquestioned, must be investigated, lest wholesale nationalisation prove but the final and complete subservience of the State to an irresponsible monopoly.

What a gesture a Labour Party might make were they to announce that their first act of government would be the socialisation of that to which no man can make any justifiable private claim—the Nation's credit! But that would be the final and decisive step, as it is the only possible step, to true Socialism, and it is not yet understood by the Socialist Movement.

WHY BLAME THE SOCIAL SYSTEM?

Poverty-in-the-midst-of-plenty is now a popular subject on platforms and in the press. Constant repetition of it, however, without suggestions for a solution, makes it a meaningless platitude.

Mr. C. E. M. Joad, in the *Sunday Chronicle*, acknowledges that science has made comfort and a competence available for all and that man is at last master of his environment. But he reduces this statement to nonsense by attributing the evil to our inability to "devise a social system that will deliver the goods."

Now, it is not the "social system" that prevents the distribution of wealth. It is the financial system, a very different thing. To confuse the two is to confuse the whole with the part, the living organism with its disease. Complaints against the whole social system are futile. By implicitly condemning everything, they point to no specific defect and therefore no remedy. Interpreted as a general grouse, they arouse no enthusiasm, for they offer no objective. Most healthy people want to change something; only a sick man wants to change everything. The Labour Party is an example; by blaming the whole "system" for what is wrong, it merely gives the impression that it has no conception of what actually is wrong, which explains why its enormous propaganda produces such trivial results.

The Social Credit Movement is based on the belief, not that the social system is bad, but that it is mainly good, and suffers from ills that can easily be cured. For that reason it concerns itself solely with a specific defect—the financial system, believing that when that is changed it will be time to consider the next step.

FANTASTIC

"A complete revolution in the technique of production had taken place. The power to produce had been almost fantastically increased, even in the last 10 years, but the market to absorb production had not increased in the same ratio."

Thus Mr. Harold Macmillan, M.P., at the Conservative Conference. And what did he propose to do about it? Prepare a scheme for the almost fantastic increase of purchasing power, so that the almost fantastic increase of production can be absorbed? On the contrary, he proceeded to advocate the restriction of production to the ability of the market (*i.e.* the incomes of people) to absorb it. In other words, as there is too little money, we must make sure that there is also too little production.

We do not know why nearly all our politicians and economists choose this method in preference to the opposite method of increasing the money to meet the production. It may be that they regard the amount of money in the world as strictly limited, by some natural or super-natural law over

which mankind has no control. Or it may be a desire to keep to the letter of the scriptures, and ensure that, although the means of abolishing poverty are to hand, the poor shall be always with us.

MEDITATIONS ON COFFEE

One of the few things wrong with England (we are not in a position to speak for Scotland, Wales and Northern Ireland) is that it will not treat coffee with proper respect. It is seldom that one can get any worth drinking this side of the Channel. (Note: What do they know of England, who only England know?). This is because the English are too sparing with it. They dole it out in teaspoonfuls, as if it were that feeble and emasculated substitute, tea.

The fact is, coffee properly made, is an expensive drink. Doubtless most people neglect it on that account. So, naturally, the National Coffee Department of Brazil is trying to make it dearer than ever, and is still merrily burning coffee in order to raise the price. Last month, nearly 600,000 bags of coffee were destroyed, bringing the total to 30,516,949 bags since the scheme was started.

In spite of this, stocks are still increasing, so, it is reported, "the hopes of the growers and merchants are now pinned on the weather. They hope that the lack of rain will cause a failure of the crops."

We are not concerned at the moment, if ever, with the sound economic theory that the way to make people buy more of the coffee they cannot afford is to restrict its growth and raise the price still further. We were merely thinking that coffee in this country will cost more and taste fouler than ever.

A CLEAR, PRECISE DEFINITION

Mr. Herbert Morrison, on Democracy: "All this talk that democracy would not work, that it was too slow, was nonsense. It all depended who was running the democracy."

The implication here is that the best kind would be one run by Mr. Morrison. To express it more fully—Government of the people, for the people, by Mr. Morrison.

We know how Mr. Morrison would govern. He would turn everything into big public corporations, on the principle that the solution of all problems is centralization, and that if you increase the size of a bad thing it becomes a good thing. He never mentions the control of credit, so we presume these huge concerns would depend as much upon the banks as the small ones do now, and Mr. Morrison's democracy would be run by the banks. In fact, it wouldn't be democracy at all, but bureaucracy, and it would make the country safe for Fascism.

To make his definition perfectly clear, Mr. Morrison added, "the main thing in running democracy was will, determination, and clearness of head." That makes the definition of democracy fool-proof. Mr. Morrison is spoken of as a future Prime Minister. He has already developed the necessary clear and precise form of utterance.

REVIVAL OF POETRY

If the great revival is not improving anybody's income, it is at least causing a literary renaissance.

"Up Goes Trade" says a *Daily Express* headline, as though it had shot up like a rocket in the night and showered riches upon the people. Its opening chorus, "The trade tide still comes rolling in," applied as it is to the tiny ripples caused by dropping a spot of inflation into the middle of the pond, is a magnificent example of the power of a poetic ecstasy to transcend the three dimensions.

The *Daily Telegraph* is less lyrical. "After a brief lull, British trade, both home and export, is again on the up grade"—but its calm assurance is even more convincing. It suggests that the depression, now gone never to return, was but a brief interruption to the steady and otherwise unbroken forward march of the British people to greater and greater happiness and wealth, which goes on, as it always has gone on, from decade to decade.

It is unfair to criticise a poet for his lack of mathematical exactitude. So we will observe as briefly as possible that the little trickle (rolling tide) is due mainly to two causes—extensive purchases and orders of war material, heavy enough to account for a 25 per cent. increase of exports from Sheffield and a fall in unemployment there of 20,000; and careful inflation due to the purchase of securities by the banks.

That is enough of prose; let us get back to poetry. The night is over and gone, and eyes weary with watching are lifted to the light of a new and eternal dawn (copyright).

THE LAWLESS LAW OF MONEY

NORMALLY, general statements regarding the financial system are useless; its terms are not clearly understood and its definitions are warped and twisted by the jargon of finance-economics to cover immediate expediency or excuse the current disaster.

Neither economics nor finance-economics should state "laws," since the problems they consider are not their own, but must be changed in accordance with the advances made by science as applied to the production of wealth.

Yet the Quantity "Law" of money is the over-riding authority in the world to-day. Under this theory money is a commodity; that is, its value is assessed as all other economic commodities are assessed. "Value" means value *in exchange*, the worth of one commodity measured in terms of another commodity. Money is offered for sale in exchange for goods. A person sells goods (exchanges them) for money, so that he can transport the money to another place and exchange (sell) it for goods. Therefore the Quantity "Law" states that the value of money, other things being equal, varies inversely with its quantity; if an expansion occurs in the quantity of money put into circulation its value will fall; if a contraction takes place, its value will rise.

Money, as a commodity, no longer exists. It is now represented by paper tokens, called "representative" money. This money is really a ticket-system, and is based upon the *credit* of the community—that is, the belief that goods can be supplied by industry to redeem the credit-money.

But the substance of the Quantity Law has been applied to the artificial ticket-system. All "representative" or *ticket-money is theoretically assumed to be gold*, and related to the gold reserve held by the central bank. One unit of gold creates ten units of credit-money *at the direction of bankers*; one unit of credit-money will normally create ten units of commercial credits. Therefore one unit of gold is the base of at least one hundred units of commercial transactions.

Calculated Destruction of Credit

But gold is the "internal gold-standard" or commodity-money to which the Quantity Law is applied, and the contraction of the reserve by one unit involves the deflation or destruction of one hundred units of commercial credits. By deliberate and calculated policy the financial system must destroy ten million pounds of credit-money when the gold reserve contracts by one million; and the expansion of credit-money depends on the expansion of the gold reserve. This is the precise interpretation of the internal gold standard as laid down by the Cunliffe Committee in 1919, and explained in detail by Mr. Reginald McKenna.

Further, all money is created as a bank loan, chargeable against the capital assets of industry, and recoverable out of prices charged for future goods. All purchasing power to meet these prices is issued from industry as wages, salaries or dividends, and included in the costs of the goods produced.

To sum up the existing facts:—

(1) Money, the universal medium of exchange, is subject to the Quantity "Law," applied to the standard or commodity, gold.

(2) Representative money created by the banks, which is the practical ticket-system used in everyday life, is related to the standard and controlled by the Quantity Law through the operation of the gold standard, by cycles of deflation and inflation.

(3) The circulation of money is controlled by the Quantity Law operated by the creators of representative or credit-money.

THE ANALYSIS

Dispassionate examination of these facts exposes the serious defects that are destroying the economic structure of society.

Obviously, if there is one commodity which is used as the universal medium of exchange for all commodities, it should be owned by the community as a whole. But money is now an artificial creation, a ticket-system organised with great efficiency by banking. Therefore, the Gold Standard is an instrument of monopoly, and places the whole economic system at the mercy of the banks, who are endeavouring

thus to impose the Quantity Law upon their own ticket-creations. Since the Quantity Law is assumed to be above all common law or political power, the exercisers of that law exercise a private and irresponsible monopoly; they are the material and secret governors of the world; and, however sincere they may be, they are imposing a defective and destructive law of scarcity and repression upon the expanding scientific genius of mankind.

Thus the gold standard, on which our financial system is based, is an instrument of monopoly. It is a fraudulent standard, unrelated to the actual needs of an industrial community. By its means, the whole economic system is misused to serve a financial end, and scientific industry to-day has become a mere vehicle for the circulation of money, and not for the creation and distribution of real wealth.

Reference to the method of circulating money, stated above, shows that it is issued as part of the cost of goods produced. Therefore, it must be recovered in full, plus profit, through the medium of prices. Now this is a strict accounting principle, and under its strictest interpretation, *it is impossible to recover all costs in prices.* Therefore industry is attempting an impossible task.

Why Incomes Cannot Meet Prices

Money originates as a loan, is issued as part of the cost of production, is recovered in price, and the loan is repaid. But prices are also based upon the cost of production. Therefore goods, the real function of industry; prices, the financial measure of those goods; and purchasing power to redeem those prices, all flow through the channel of industry.

Purchasing power (wages, salaries and dividends) is therefore the only method of meeting prices, liquidating costs and repaying loans. But prices include items other than money issued to individuals.

Firstly, it includes payments for past production, in the form of raw materials. When a manufacturing firm pays another firm for its raw materials it completes a "sale" of the firm's production, and the selling firm, on receiving the money (cheque or ticket), again utilises that money for the repayment of previous costs, and ultimately it is destroyed as repayment of an originating loan.

Therefore, this part of price does not reach the individual as purchasing power against the price now created, because when it is again reissued a new cost is created at the same time.

Secondly, price includes reserves for future contingencies and similar items, which are purely arbitrary additions, designed to extract from the consumer an additional sum of money to be made available for future needs. Such money is re-invested, and if re-issued elsewhere, is accompanied by another cost. This is the invariable and inevitable system of profit and loss, and should present no difficulty. Such an investment, based on arbitrary figures added to price and appropriated from available purchasing power, is a loan which the borrower must repay, and the borrower, therefore, must in a future production-cycle in his turn claim by prices his share of purchasing power to repay the loan, plus his own profit.

This part of price, obviously, cannot be issued from industry *as part of cost*, since it is *in addition to actual cost.*

To make this clearer, regard the whole of the industrial system as one firm, and imagine that the whole community are its workers, and that its goods are sold only to those workers. (This is in fact the only permissible method of examination).

Then, if the only purchasing power in the workers' hands has been issued by the firm itself as part of cost and included in price, it is clearly ridiculous to assume that a further arbitrary addition to price can also be recovered.

From this it is obvious that there is an absurd accounting flaw which creates a permanent and increasing deficiency of purchasing power, and that the present method of price-fixing is inefficient.

The question of foreign trade will naturally arise here, and readers will also want to know how such an obviously defective system has carried on for so long. These questions will be covered in the next article.

Civilisation and its Economic Problems

by E. H. F. Van der Lely, President of the Dutch Society of Technocrats

We are pleased to publish Mynheer Van der Lely's article as showing the direction of progressive economic thought in Holland. We may also mention that there is an active Social Credit Group in Amsterdam:—Nieuw Economische Groep; Secretariat, Prins Hendrikade 20, Amsterdam, C.

SOcial welfare depends on the regulation and control of the balance between production and consumption. Without this balance bad social conditions must result.

When one observes on the one hand enormous supplies of goods of every kind and a productive system able to deliver still bigger supplies in a minimum of time, and on the other hand millions of people forced into unemployment with their standards of living reduced to a minimum—we find an impossible social condition and a social strain of the first order.

It proves that our social organism does not react efficiently to economic changes and developments; that our economic system is not adaptable to the needs of men.

It does not yet seem to have penetrated to men's minds that, thanks to the enormous developments of technical science, for the first time in history men are able to produce so much that scarcity of goods belongs to the past. Without being aware of it, we are on the threshold of the period of abundance.

The Deliberate Destruction of Wealth

Do not the facts prove this convincingly? In 1933.

2½ million kilogrammes of sugar; 400,000 car-loads of corn; 144,000 car-loads of rice; 267,000 sacks of coffee; 1½ million kilogrammes of meat were artificially destroyed.*

And even these figures do not include the destruction of vegetables and fruit on the fields, and it is not necessary here to discuss the existing supplies of metals, sugar, corn and oil, nor the artificial limitation of production which goes on everywhere.

Economic methods, rules and organisations which permit this state of things simply prove that they are out-of-date, the more so if we remember that thirty million unemployed and their wives and families are at present compelled to live at the lowest standard of life.

These facts justify a thorough investigation as to the reasons why our present methods do not function properly; and while these acute social problems are thrust into the background and obscured by political quarrels, it becomes the duty of the unprejudiced observer to demand that investigation.

It is characteristic of human nature to hide one's faults and shortcomings behind beautifully sounding theories and make-belief. We talk of "over-production" and "lack of markets" as if those thirty million unemployed and their families were amply provided for.

Out-of-Date Economic Methods

Actually, we are simply hiding ourselves behind our inefficiency; we are trying to avoid facing the fact that our methods are so old-fashioned that they provide no way in which goods that have been produced can also be consumed.

This army of unemployed would be only too ready to transport the abundance of goods in their locality to the places where they are needed, and consume them themselves. The necessary means of conveyance lie rusting in the harbours. But in spite of the obvious fact—that there is abundance for all—the economic situation remains chaotic. The money necessary to bring the product to the consumer is mostly lacking.

The absence of the means of distribution—money—is the reason why man and produce remain separated from each other.

This throws a sharp light upon financial methods and institutions. The economic functions which the banking and financial system possesses must be investigated. Society must judge whether their machinations can possibly lead us into the right channels. And the fact that a strict control of the banks is becoming recognised as imperative (as for instance in the U.S.A.) proves that people are already realising that "there is something rotten in the State."

We need to expose to view another cardinal point round which the whole world-situation is finally concentrating.

*Information from "The Assistance Committee for Alleviating the World's Need."

To the solution of this problem the attention of all thinking minds and the energy of our rulers must be directed:—

The Unsolved Problem of Payment

How should a State organise its people, and what work are they to do to make them all good consumers?

In all the countries which are making increasing use of mechanisation, there is a steadily growing number of people who cannot find work in the process of producing goods.

Civilisation has now progressed so far that a small number of people can produce enough for all, with the assistance of machines. But since only they who work can earn a proper income and buy the produced goods, a continually increasing proportion of mankind cannot possibly earn a proper income, because machines make their work superfluous, and are, therefore, unable to buy that part of the goods produced for them.

In other words, mechanisation, by producing a continually increasing proportion of the world's goods, at the same time produces a continually growing number of people who are eliminated from production and therefore from consumption. This is the great internal contradiction and tragedy by which our civilisation threatens to be destroyed.

The producer talks of over-production, but from the point of view of national welfare it should be called an enormous decrease in consumption.

If we do not very quickly adapt our economic methods to the tremendous changes in the economic system caused by the development of mechanisation, our civilisation may end in overwhelming chaos.

Only by an appeal to the social sense of responsibility and the co-operation of all thinking people, can we hope to cross the threshold of an era of new and unknown prosperity and achieve a real advance of civilisation.

THOSE IMPORTS!

An important debate has just taken place in the House of Lords. It appears that the Commons, after a speech by one Buckingham, passed a resolution declaring that the importation of cattle, cured meat or provisions from Ireland was a nuisance, and ought to be prohibited. During the debate it was stated that the rents of lands in England have fallen by £200,000 a year as a result of this Irish dumping.

However, in the Lords one Clarendon opposed the resolution, but was defeated (fortunately for English agricultural interests) by sixty-three votes to forty-seven. But he persuaded the House to strike out the words "a nuisance," and to substitute a "detriment and mischief."

The Commons have refused to accept this amendment and are threatening to hold up votes of supply, if the Lords persist.

Latest news from inner political circles indicates that the King has advised the Lords to withdraw their opposition to the wording of the resolution.

So Irish imports are a nuisance.

One hopes that this strong language will not offend De Valera.

Well, I'll be — . I am sorry, but on reading the account more closely I find the debate took place in 1666.

Stupid of me, but isn't political progress wonderful?

FRED TAIT.

"World Employment. Continued Improvement." (Press headline.)

Have nations been scrapping their machinery, then?

India has now got a navy. "The Royal Indian Navy" is from now on the official designation of the Royal Indian Marine Service.

The joy of the three hundred million Indian peasants upon learning that they have a navy, knows, we are convinced, no bounds.

AUSTRIA FELIX — AND AFTER

Where Ignorance is Bliss 'tis Folly to be 'Sound'

IMMEDIATELY after the war, Austria made an attempt to re-establish trade and feed her starving population by subsidising food production. This departure from orthodox practice was quickly suppressed by international financial interests acting under the auspices of the League of Nations, and the affair is frequently quoted as an example of the essential conflict between orthodox financial principles and the welfare of the people.

A recent correspondent to this journal seemed to question the value of the experiment on the grounds that it was not Social Credit. Nevertheless, there are so few experimental data in the practical application of Social Credit, that the Austrian food subsidy experiment is worth examination in order to isolate it from the contamination of features which are not Social Credit. It may, indeed, be regarded as an attempt, however fumbling and ignorant, to apply the "king-pin" of Social Credit technique—namely, the Compensated Price.

The events in Austria in 1921 were recorded by Lt.-Col. Repington in "After the War: A Diary," and they are all the more striking since he understood little of what he wrote but as a trained observer of facts. The relevant quotations from this book are reproduced below.

The facts may be divided into two periods for convenience. (A). What was happening while the food subsidies were being paid. (B). What happened subsequently.

Period A.

- (1.) General prosperity of industry and agriculture. Tendency to mind own business (Economic Nationalism).
- (2.) Mounting Budget deficits.
- (3.) Glaring contradiction between State bankruptcy and private prosperity.
- (4.) Two-thirds of the Budget deficit due to food subsidies.
- (5.) Sixty kronen loaf sold for nine kronen. "Even a Rothschild is paid fifty-one kronen by the State for every loaf he eats."

Period B.

- (1) Food subsidies stopped.
- (2.) League Finance Committee starts putting Austrian finances right—objective to balance the Budget.
- (3.) Austrian people overwhelmed in wave of bankruptcies and suicides.
- (4.) Interesting contrast between State financial recovery and private hell.

In addition it should be noted in regard to period A that prices rose for all goods *not subsidised*, which was profitable

for the sellers, but people with fixed incomes were very badly hit.

How was it Done?

It is not clearly stated that the Austrian Government was borrowing from the banks but, since there was a growing Budget deficit we may reasonably assume this. The position therefore would be as follows:—

- (1.) Bank lends money to Government. This is a creation of credit, or "new money."
- (2.) Government gives money to bakers to reduce price of bread. This represents a gift to consumers, although at a later date the Government may hope to recover the expenditure in taxation of the public.
- (3.) The Government fails to recover in taxation, or to repay the banks (Budget deficit).
- (4.) Prices rise in unsubsidised trades. This merely means (a) the bread subsidy may be too high, (b) it is time the other trades were subsidised.
- (5.) The result is, in general, prosperity for individuals, and the absurdity of a bankrupt nation of prosperous people!

In short, credit was created to reduce prices and not repaid in period A, and the effect on individuals was sufficient to suggest an extension to other businesses.

What They Might have Done

Had they known what to do the Austrian Government would not have borrowed from the banks. They would have created the money themselves and debited it against a national capital account, the credit side of which would have shown the total value of all Austrian capital assets—factories, plant, etc. Alternatively, all Austrian producers could have been instructed to write down their plant values by an amount equivalent to the subsidy.

If the latter measure had been adopted it is probable that the absurdity of a huge Government deficit when, quite obviously, the country was prospering, would have been realized, and then some form of "token" payment would have been devised to meet it. The opening of a national capital account in the first place would have necessitated the realization of the real basis of credit which apparently was lacking in view of what occurred in period B.

As it was, however, the League Finance Committee stopped any idea of that sort, and period B was ushered in with soft music from the Central Banks, and distressful noises off.

W. L. BARDSLEY.

The following are the extracts from Lt.-Col. Repington's "Diary," referred to above:—

"Sunday, April 10, 1921. The Supreme Council, having transferred their responsibility for reorganising the finances of Austria to the League of Nations, the Financial Committee of the League will soon arrive here" (Vienna). (page 142).

"Monday, April 11, 1921. Am impressed by studying the Austrian papers. They seem detached and indifferent about foreign affairs, but are full of accounts of all sorts of new or extended industries springing up, and I counted twenty-three pages of commercial advertisements in Sunday's *Neue Freie Presse*. I read or hear of every kind of old industry being extended and of some new one opened. New machinery is being employed, and on the farms prize stock are being bought and farm buildings improved by the rich peasants who thrive on the war. From Upper and Lower Austria, Styria, and the Tyrol, it is all the same story of new developments, and what is really going on is an endeavour to make the new Austria less dependent on her neighbours and less forced to buy abroad in markets made fearfully dear by the exchange" (page 143).

"I find a general accord that Austria wants about sixty million sterling to put her State finance on its legs again, but I have not yet found the bases of the calculation" (page 144).

"I find that two-thirds of the Austrian deficit is due to food subsidies, chiefly bread. A loaf of 1,260 grammes is now sold for nine kronen, but costs sixty kronen to the State. Even a Rothschild is paid, therefore, fifty-one kronen by the State for every loaf he eats" (page 145).

"Goode showed me the last figures of Austrian expenditure on the bread subsidies. They are, *monthly*,

2,762,000,000 kronen for food generally, including 2,300,000,000 kronen for cereals. This is really what is sinking Austria. It is still true that Austria cannot exist without external assistance, but that if she were tided over the next five years and internal reconstruction effected she might become self-supporting. A foreign loan of sixty million sterling, the control of Austrian public finance, the foundation of a privileged bank of issue, and the funding of the services of the Austrian foreign debt are among Goode's proposals on the financial side; but it has all been turned down, and the League financial people seem to be coming here with a brand-new plan which Goode fancies no practical banker will look at" (pages 152-3).

"Tuesday, July 12, 1921. . . The contradiction, which I remarked in April, between the almost bankruptcy of the Austrian State and the growth of private profits has become still more glaring after the lapse of three months, and the publication of more statistics of trade, customs, bank profits, etc. Both exports and imports have gone up, but coal accounts, in weight, for two-thirds of all imports in 1920, and foods for a large part more.

However, the horrible fact remains, and is confirmed by the Budget for the second half of 1921, that the revenue is 24.1 milliards of Austrian crowns and the expenditure 49.5 milliards, or a deficit of 25.4 milliards. Only a third of the expenditure is met out of revenue. As before, the main causes of the deficit are the food subsidies.

However, Austria continues to hope, and her private business continues to develop. There is great activity. Everybody is busy doing or trying to do something. The bank profits are large, and branches are being started everywhere in the provinces. Styria promises well in coal and mineral oil at workable depths. Many companies pay good dividends. New ventures are constantly being undertaken. . . Vienna holds her own" (pages 294-6).

REFLECTION AND REALITY

How Finance Distorts Economic Facts

WE all know those distorting mirrors which give a reflection drawn out to a fantastic length and squeezed into a few inches in width.

Imagine that while we were standing in front of one, somebody said, "This will never do; you do not correspond with your reflection. We must put you on the rack until you do."

He then proceeds to do so, and having inflicted dreadful suffering on us, finds we are still as unlike the reflection as before, and starts the torture all over again.

Now, anyone ordering such a monstrous and futile procedure would be regarded as a criminal lunatic. It is evident to any sane person that the reflection must be made to correspond to the reality, not *vice versa*.

Yet this fantastic procedure is exactly what the present financial system is doing to-day. It is engaged in a ridiculous attempt to cut down production, distribution and consumption of wealth to fit the inadequate supply of money provided by our out-of-date and badly adjusted money system.

Money: Master or Servant?

Money is regarded as the one fundamental reality to which everything else must conform. In every aspect of life the ruling factor is finance. While the people lack the goods of which the shops are full, economists and politicians can think of nothing better to suggest than the universal sabotage of production, all-round reduction of incomes, and frenzied economy—"for financial reasons!"

It should be a matter of mere commonsense that a financial system exists for one purpose only—to reflect the physical facts in terms of book-keeping figures. *It should have no other function.* If the figures gave a true reflection, production and consumption would be limited only by the ability to produce and the desire to consume.

That this is not allowed is entirely due to the fact that our financial system is nothing but a false system of book-keeping. Yet any proposal to amend this system is treated as something almost indecent. We are told not to "monkey with the currency" for fear of upsetting the balance of the delicate and wonderful system on which the social organism is built up. So we continue to starve in the midst of plenty out of respect for figures!

A simple amendment in the book-keeping system would bring it into line with the physical facts. We all know to-day that financial credit consists merely of figures written in books stating that certain people are entitled to receive something of value. Financial credit is of no value in itself; it is a mere reflection of real wealth.

Under the existing financial system the producers of real wealth have to borrow credit from the banks, and pay it back in order to cancel the book debt. The result is an increase of real wealth with no corresponding increase in the credit allowed to the general public for the purchase of the goods produced. So the goods are not sold, and producers fall deeper and deeper into debt to the banks.

We must balance every increase in production by an issue of credit to consumers. The right to this credit belongs to those who have made the production of wealth possible—namely, the people.

Banks Prevent the Production of Wealth

We usually think that it is the banks who, by "lending their money," enable new wealth to be produced. This is not so; all the banks do is to render a book-keeping service. The financial credit written down by them does not belong to them. It is based on the real wealth owned by the public. The present custom which gives the banks the sole right to issue financial credit enables them to *prevent* others from producing wealth except upon their terms, but they themselves do nothing to cause wealth to increase.

We have learnt to use the free gifts of God in the forms of solar energy, of animal and plant life and mineral wealth. These are at hand in ever-increasing abundance, thanks to the cultural inheritance of knowledge and skill and to our own inventions and discoveries. The banks have nothing to do with these things. They are the inheritance of every member of the race. They are our own *Social Credit*, and must be recognised as such if our

book-keeping system is to give a true reflection of economic reality.

We, therefore, need to open a national credit account, in order that the Credit of Society can be conveniently distributed. Only in this way can the financial system perform its true function, and the people consume what they want of the national production.

The details of such a system are for experts to arrange. If any expert says it cannot be done, he is only admitting that he is incapable of making the financial system do what it is supposed to do, namely, present a true reflection of economic facts.

C. F. J. GALLOWAY, B.Sc.

The Social Credit Movement

SUPPORTERS of the Social Credit Movement assert that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and therefore, in order that it may be repaid, it is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity; and bringing it face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in the writings of Major C. H. Douglas.

The adoption of this scheme would result in an unprecedented improvement in the standard of living of the population by the absorption at home of the present unsaleable output, and would, therefore, eliminate the dangerous struggle for foreign markets.

Unlike other suggested remedies, these proposals do not call for financial sacrifice on the part of any section of the community, while, on the other hand, they widen the scope for individual enterprise.

"INSPIRATION."

" People who try to write books in the expectation that Heaven will kindly inspire them without any effort on their own part, generally end in Carey Street, where they have most unpleasant interviews with the Official Assignee. The only person, so far as I can discover, who works by "inspiration" is the modern banker. Let a man with a good business go to a banker for a loan, and he will be asked to give sound security for about double the amount of the overdraft, but let him go with an air of mystery and no security at all, and ask for a couple of million pounds, and the banker, child that he is, will, without a qualm or a question, give him credit for twice that sum. Hence Harty. Hence Kreuger!"

—St. John Irvine in *The Observer*.

SOCIAL CREDIT MOTIFS

II.—THE PURSUIT OF HAPPINESS.

"It is an unfortunate defect in our attitude towards human affairs, that we place an inordinate value upon human life but a trivial value upon human happiness."

C. H. DOUGLAS.

DEEP understanding lies behind Major Douglas's discrimination between mere human life and the glorious enhancement of life we call happiness. Life is miserably served, under-nourished, deprived of every grace, and it is preserved at this level with intolerable solicitude. For happiness no trace of care is exhibited. When to this observation Major Douglas adds that happiness is associated with liberty, and defines liberty as "freedom to choose or refuse one thing at a time," we have important light thrown upon the social order in which we live.

Happiness cannot be "given" to any man, for its sources are in the human soul: it is a personal attainment. But it can be taken away. Liberty will not give happiness, but the loss of liberty deprives a man of the possibility of happiness. Contentment at the best; resignation, apathy, despair, mark the descending scale of feeling experienced by those deprived of liberty they had once enjoyed.

Social change can provide the condition in which men may attain to happiness. Liberty to choose one or another way is essential to such attainment. But the minimum of choice, on the plane of subsistence, is denied us. The social order imposes instead an encroaching control over every avenue of freedom, and secures acquiescence by the weapon of poverty. In this environment happiness cannot be known.

The liberty to exercise choice without fear, and to continue from choice to choice through trial and error, were it granted on the plane of subsistence, would inaugurate a new social order. The matter germane to the question of happiness is the enlivening fact that release of the individual from bondage and solution of the economic deadlock of the world are indissolubly linked.

Happiness cannot arise apart from the exercise of freely chosen activity. To accept outward compulsion in the basic activities of life; to act neither from direct choice for self-expression nor from conscious social necessity, is to submit to an existence in denial of our nature. It is an estate for which no justification is left in the condition of Abundance we have reached. To be constrained within that compulsion when civilisation is endangered by its continuance, is to endure the lowest depth of unhappiness.

Social Credit is the way into life, for it unites the in-destructible craving of men for happiness, with the social well-being in which happiness may be achieved. Choice: of occupation, of action, of place, of rest; these are the recurrent spheres of choice for which we crave.

We need not go back. The freedom and wholeness associated with the conditions of craftsmanship in former times, and its pursuit from apprenticeship to mastery, is a prototype, not a picture of man's only path. We shall not return to any estate of the past, for we shall build upon the achievement of the moment. And the creations of our new estate will be novel: the works of happiness cannot be anticipated.

Social Credit is wise. *It limits the sphere of government to the removal of false restraints.* The function allotted to public authority is provision of the standing ground of action—an inalienable livelihood—it does not extend to dictation of what men shall do.

Standing upon that ground of participation in the great social wealth of the modern world, "free to choose or refuse one thing at a time" men will engage in "the pursuit of happiness" along myriad paths, with infinite benefit to mankind. For power expended in expression of the creative force in each, is not only withdrawn from the exercise of power as tyranny; it is a positive contribution to the happiness of all men. Creation is happiness; happiness creation.

As with all the dicta of Social Credit, faith in men is its basis. Here in the conception of economic democracy is expressed faith in the virtue of happiness, and belief that its pursuit, unhindered by any artificial restraints, is the birthright of each man personally. Further, that as the development of personality is the end of all collective activity, and happiness is an integral part of developed personality, the economy to be established on the ruins of the system ordained by the financial monopoly, will be concerned to afford the utmost freedom possible, that men may not only liberate the joy that is proper to a man, but that the products of their labour may express the new quality of living out of which they will proceed.

And beneath all the achievement a profound transformation will have taken place in the human soul. The will to power is ineradicable, but its expression as tyranny will be superseded by its expression as self-fulfilment. And self-fulfilment is happiness.

DEMOS.

UNEMPLOYMENT CANNOT BE "CURED"

Many people are proud of the fact that they have been faithful to one set of opinions for a long time and regard the man who changes his view as being inconsistent and unstable. Fidelity to one set of opinions is to them a matter of pride.

Just as this is true of individuals it is also in great measure true of society as a whole. Nothing is more pathetic than to see nations attempting to cure distress and poverty by the application of obsolete and outworn ideas. As an example of what I mean, take the problem of unemployment and note the efforts made to remedy this very serious problem.

All nations are concerned with this trouble and emulate one another in their remedial measures. Without passing any opinion on those measures, it may be observed that as the burden of production has been taken off the backs of men and transferred to the machine, it is rather a misnomer to call the problem one of "unemployment." We could not, by any exercise of ingenuity, solve a problem which properly viewed does not exist.

The rationalisation of Industry has created and will continue to create more unemployment than the antiquated remedial measures proposed could possibly cope with. Properly understood this problem is one of leisure. The world must know that this problem can never be cured, so long as it is considered one of unemployment, and yet politicians of all parties continue to talk of its cure. Why? Because they cannot discard the idea that man must work in order to live. Work is to them the ideal and reason

for existence and they cannot or will not appreciate that man cannot invent machines to do the work for him and yet work himself. Thus we find that fidelity to opinions which, however effective and useful in the past, is now a definite stumbling block to even an appreciation of the problem to be solved.

The cultural inheritance of the race, by which we mean the right of everyone to share in the legacy of science and invention, entitles all to a share of the national wealth whether he or she is a worker or not. We must cast aside our obsolete financial and economic frame of reference and adopt one in harmony with present day facts.

G. M. STEWART.

"Cherchez le Banquier"

In time of trouble and of stress,
Whene'er you have to pay,
Whate'er befall, yet still recall—
"Cherchez le banquier."

And if the world is in a mess,
Though millionaires are gay,
If income's small, yet still recall—
"Cherchez le banquier."

If you're allowed to have one guess
On which power has the say,
Don't doubt at all, but just recall—
"Cherchez le banquier."

H. L. W.

Social Credit Secretariat

ELECTION OF EXECUTIVE

1. RESIGNATION OF EXISTING COUNCIL

The election of the Council of Representatives will automatically terminate the term of office of the previous Board, who will, however, continue in office until the new Board is ready to take over their duties.

2. EXTENSION OF DATES

In view of representations from a number of Groups on the short time allowed for the election and return of members of the Council of Representatives it has been decided to extend the time for one week. Returns will therefore be accepted until the first post on October 15, on which date nomination papers will be sent out, together with a list of all members elected on that date. Members of the Council returned after October 15 will not be excluded from voting, or from making nominations, but their names will not be included in the list of members eligible for election to the Selection Committee. It has further been requested that the time allotted for making nominations should be extended to two weeks, in order to permit members of the Council to confirm that their intended nominees are willing to sit on the Selection Committee.

Nomination papers will therefore be returnable on October 29, and cannot be accepted after that date. The above cancels the dates announced in SOCIAL CREDIT on October 5.

3. NOMINATION PAPERS

Nomination papers will be issued to members of the Council separately; one for nominating a candidate for Chairmanship of the Executive Board, who need not be a member of the Council; and one for nominating candidates for the Selection Committee.

The Selection Committee must consist of members of the Council of Representatives.

4. VOTING AND SELECTION

Members of the Council will vote by post. Members of the Selection Committee will be required to attend at a place designated by the Chairman of the Executive Board. Endorsement of the Executive Board by members of the Council will be carried out by post.

5. AFFILIATED GROUPS

A supplementary list of affiliated Groups, whose affiliation was confirmed after September 21, 1934 is appended.

W. L. BARDSLEY,
Secretary.

Bloomsbury Social Credit Study Group, Hon. Sec., Miss M. Culpin, 2, Gordon Square, W.C.1.

Bournemouth Douglas Social Credit Group: Hon. Sec., Miss Sylvia Grieveson, 24, Surrey Road, Bournemouth.

Castle Bromwich Douglas Social Credit Group: Hon. Sec., J. P. Edwards, Esq., 4, Croft Lane, Castle Bromwich, Birmingham.

Central London, Douglas Social Credit Group: Hon. Sec., Mrs. Kingdon Ward, 10, Regent Square, London, W.C.1.

Clydebank Douglas Social Credit Study Circle: Hon. Sec. Miss H. Monaghan, 6, West Thomson Street, Clydebank.

Cramlington Douglas Social Credit Group: Hon. Sec., W. H. Tetely, Esq., 29, Station Road, Cramlington, Northumberland.

Farnham (Surrey) Douglas Social Credit Group: Hon. Sec., Mrs. A. E. Powell, "Pennystones," Tilford Road, Farnham, Surrey.

Felling-on-Tyne Social Credit Group: Hon. Sec., Miss Marjorie Hart, 1, Wardill Gardens, Carr Hill, Gateshead.

Glasgow Douglas Social Credit Association: Hon. Sec., H. C. Munro, Esq., 6, Green Lodge Terrace, Glasgow, S.E.

Harleston Social Credit Study Group: Hon. Sec., E. H. Barwood, Esq., "Holmleigh," Wortwell, Near Harleston, Norfolk.

Hebburn-on-Tyne Douglas Social Credit Group: Hon. Sec. Miss M. Ditchburn, 28, Mons Avenue, Hebburn-on-Tyne.

Leeds Douglas Social Credit Society: Hon. Sec., W. Townend, Esq., "Newholme," Church Lane, Leeds, 6.

Newbury Douglas Social Credit Association: Hon. Sec., L. B. Forrest, Esq., 28, Enborne Road, Newbury.

North Kensington Douglas Social Credit Group: Hon. Sec., Wynne Williams, Esq., 52, Holland Park, London, W.11.

Norwich Social Credit Group: Hon. Sec., H. J. Archer, Esq., 113, Trinity Street, Norwich.

Preston Social Credit Association: Hon. Sec., Raymond Arthur, Esq., 10, Malvern Road, Preston.

Smethwick Douglas Social Credit Association: Hon. Sec., Miss E. J. Griffin, 43, Vicarage Road, Smethwick, Staffs.

The Free Men Group: Hon. Sec., R. Little, Esq., 165, Sinclair Drive, Glasgow, S.2.

Walmley Douglas Social Credit Group: Hon. Sec., Mrs. E. Masson, "Birker," 173, Walmley Road, Erdington, Birmingham.

Westerton Douglas Social Credit Group: Hon. Sec., H. J. Stephens, Esq., "Coniston," Maxwell Avenue, Westerton, near Glasgow.

Whitley Bay Douglas Social Credit Group: Hon. Sec. Miss E. Tuersley, 8, Waterford Crescent, Whitley Bay, Northumberland.

Erdington (Birmingham) Social Credit Group: New appointment, Hon. Sec., W. H. Hawkes, Esq., 54, Marsh Lane, Erdington, Birmingham.

NOTICES OF DOUGLAS SOCIAL CREDIT MEETINGS

Notices of Social Credit Meetings will be accepted for this column. Six lines 1s., seven to twelve lines 2s.

Birmingham Douglas Social Credit Group

Oct. 24th.—The Machine Age and the National Dividend. Speaker, Clive Kenrick, Esq.

Castle Bromwich Douglas Social Credit Group

Oct. 18th.—Do You Want Poverty? Speaker, S. P. Abrams, Esq.

Erdington (B'ham) Douglas Social Credit Group

Oct. 19th, 7.45 p.m., at Wesley Hall, Station Road.—Social Credit Foundations. Speaker, W. T. Symons, Esq.

The London Social Credit Club

Blewcoat Room, Caxton Street, S.W.

Oct. 12th, 7.45 p.m.—Economics of the Middle Ages, By C. Featherstone Hammond, Esq.

Oct. 19th, 7.45 p.m.—Is Roosevelt Right? By Dr. McNair Wilson.

Oct. 26th, 7.45 p.m.—National Planning. By Mr. Brenton, of the *New Age*.

Visitors are welcome. A short explanation of Social Credit is given at the beginning of every meeting. Hon. Sec. Dr. Mitchell, 2, Bromley Common, Kent.

North-East Area Douglas Social Credit Group

Nov. 3rd, 7.15 for 7.30 p.m.—Annual Dinner at the County Hotel, Neville St., Newcastle. Guest of the evening: A. L. Gibson, Esq., of Sheffield. Tickets 3s. 6d. Dress optional

Preston Social Credit Association

Public lectures at Dixon's Café, Fishergate at 7.40 p.m. Oct. 16th.—The Key to Prosperity. Speaker, Raymond Arthur, Esq.

Nov. 2nd.—The National Dividend. Speaker, C. Marshall Hattersley, Esq., M.A., LL.B.

Week-end School consisting of three classes:

Nov. 3rd, at 3 p.m. and 7.30 p.m.

Nov. 4th, at 10.30 a.m.—Conducted by C. Marshall Hattersley, Esq., M.A., LL.B. Tickets 2s. 6d., from the Hon. Sec., Raymond Arthur, 10, Malvern Road, Preston.

Correspondence

Japanese Labour Conditions

TO THE EDITOR OF SOCIAL CREDIT.

Sir,—It is the habit of many people, Social Creditors as well as others, to refer to Japanese factory workers as "slaves." Doubtless they are slaves, just like factory workers all over the world, indeed like all workers for wages which are insufficient to assure them economic freedom or anything approaching it. In essence this economic slavery is the same as bond slavery or any other kind of slavery, any difference being of degree only.

Now here is where I think one may be misled: It is, from available evidence, almost impossible to say whether Japanese factory workers—many of whom, as "Daran" says, "are paid at least partly in kind"—are more closely-confined slaves than the factory workers in Western countries. There is probably very little in it one way or the other.

The point about Japanese industrial competition which, I think, "Daran" has missed, is that most of the competitive industries of Japan, being new, are highly mechanised, and the proportion of labour charges to total costs is very low. It is said to be as little as one per cent. in certain industries, probably such as artificial silk which, as is generally known, are so highly mechanised that one person can manage an almost incredible number of machines.

That being so, and bearing in mind that the Japanese are very well conversant with Douglas's works, the most probable explanation of Japan's success in capturing foreign markets is that some form of masked subsidy on exports is in operation, and is not being recovered from taxation.

I apologise for taking up so much of your valuable space, but the subject is important. May I suggest you should elaborate it in a future issue?

Yours faithfully,

London, S.W.1. September 22, 1934. L. E. H. SMITH.

(The position of Japan in the world economic situation is a matter of growing interest, in so far as it tends to reduce the fallacies of Western economic "experts" to their logical absurdity and is causing their economic weapons to return upon them with increasing force. We shall shortly publish an analysis on the Japanese situation.—Editor SOCIAL CREDIT.)

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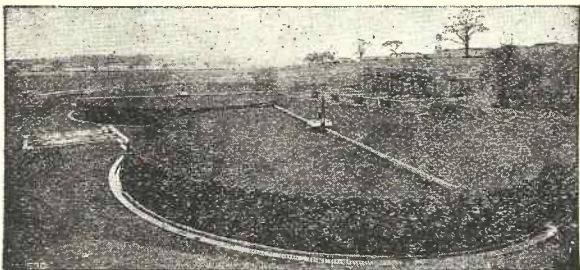
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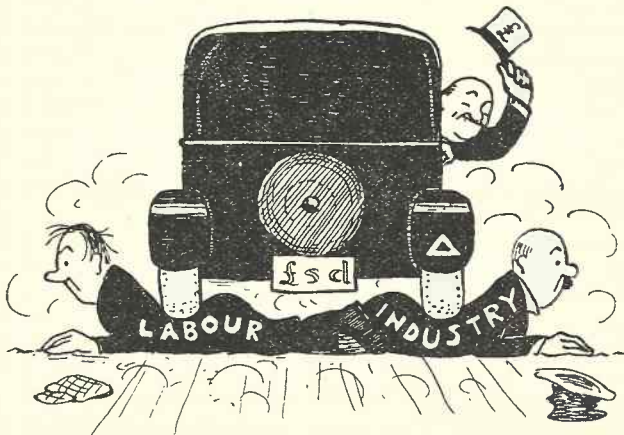
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THE NATION AS A WHOLE

TURNING to the situation at home, says Sir Hilton Young, the nation as a whole is now experiencing the benefits of the sound finance introduced by the National Government.

Many people omit to join in the general cheering because they do not regard themselves as personally involved in the benefits. This seems to me a somewhat narrow and unpatriotic standpoint. If a man cannot see that although he himself may be in process of going down the sink he is all right so long as the nation as a whole is benefitting, he lacks something, probably imagination.

Nevertheless, the number of people whose narrow egotism has rendered them blind to benefits as a whole is sufficiently great for the question to be raised: Who is the nation?



There may be one or two casualties, but the Nation As A Whole has triumphantly survived.

We shall be assisted in our general approach to this problem, as well as our enjoyment of benefits we do not happen to have seen, if we recall the profound observation of Euclid who discovered that the whole is greater than the part. It is said that before he made this great discovery the people of Greece used to give a shilling's worth of change for sixpence, the silly fools. But never mind that now. Let us not dally in idle retrospect.

The whole, we were saying, is greater than its part. If the people who happen to have missed the fortune as a whole would sink their petty personal interests, and the petty interests of wife, child and canary, in the wider interests of the nation as a whole, they would see the comforting truth of this observation, even if they cannot see their Sunday dinner.

This brings us to the question of the relation between the nation and the individual. It has frequently been necessary during the past few years, for the component parts of the nation to part with slices of its income in order to increase the prosperity of the nation. Every year or so, people with money in War Loan, for instance, drop a few per cent. from their incomes only to realise that as a whole they are better off. This again has raised the question: Who is the nation? Many people presume that the nation consists of everybody except the people whose incomes have been "converted," whose profits are down, whose wages have been cut, whose dole has lapsed or who have just had the sack.

Again, some people, with a taste for metaphysics, assert that it is possible for a man actually to lead, in a purely economic sense, a double life: one as Mr. Whatsit, with a job to lose, and the other as part of a nation. They say the two are identical as regards latch-key, size of collar and taste in food and film-stars, but that on the economic plane they are independent of and often diametrically opposed to each other.

I do not wish to go into this metaphysical aspect of the matter as it would involve the discussion of obtruse metaphysical and psychological problems which most of you are, judging from a cursory glance, not sufficiently intelligent to understand.

Personally, I do not hold this view. I do not think it would be safe to allow a man to live on two different economic planes at once.

For instance, having had his wages cut or his war loan converted in order to increase the nation's prosperity, he might decide to stop being Mr. Thingummy and become part of the nation as a whole, with an increase in prosperity, in which case he would want his share of the nation-as-a-whole's increase, and start sending his unpaid bills to the Treasury.

This would not matter if one man did it here and there. You could call a cop and forget it. But we don't want half the nation mistaking their own identity like that. We are already approaching a stage in the nation's economic development in which, by means of sound economic principles, it will be possible for the nation as a whole to enjoy the benefits of sound finance while half the population are still unable to pay the rent. And if all these people suddenly demanded their share of the prosperity an awkward situation might arise. Finding that the nation-as-a-half somehow seemed to miss the prosperity of the nation-as-a-whole, they might start smelling round to try and discover what and where the nation's wealth really is.

And with a crowd that size sooner or later someone would be bound to stub his toe against a bit of idle machinery and fall over a million tons of unsalable surplus of goods. And as there is an agitator in every crowd, we should have them demanding that the nation's wealth be distributed, and bang would go all chances of a balanced budget.

My own view as to the identity of the nation-as-a-whole is that it does not refer to the mass of the people at all. I derive my opinion from observations that are made at regular intervals in the press, and after dinners.

We gather from these that in all the turmoil and stress that besets the nation there is always something or some-



Britannia, who rules the economic waves without getting wet feet.

body that remains calm and untroubled through it all, setting an example of courage and fortitude in other people's adversity.

Its identity is not far to seek. The *Financial Times* can spot it:

"The British banking system, which has been maligned as indifferent to the needs of industry, has shown that it alone has been able to survive the crisis without a single scar."

Here, then, is the Nation As A Whole. Here is Britannia, who rules the economic waves without getting wet feet. And here is the strength and stability of Britain, which defies the onslaughts of every economic crisis that it makes itself.

There may be one or two casualties; industry may go bankrupt and labour look for fag-ends. But the Nation-As-A-Whole has triumphantly survived, whatever may have happened to the nation-in-a-hole.

YAFFLE.