SOCIAL CREDIT

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CONTENTS

NOTES OF THE WEEK

The Purpose of this Journal.

THIS journal makes its first appearance at a time when public opinion is increasingly concerned with two problems of vital importance to the future of the nation.

One is expressed in the rapidly spreading belief that poverty is unnecessary in an age in which mechanical science renders abundance possible for everyone.

The other is demonstrated by the growing fear that personal freedom is threatened and that the reaction against democratic principles, manifest in several European countries, is in danger of spreading to Great Britain.

The first is accompanied by the belief that there is something very wrong with the money system, by which civilised nations find themselves in the absurd situation of being able to produce enough goods to maintain the whole population in comfort, but unable to distribute enough purchasing power to buy them.

The second expresses itself mainly in the fear of Fascism, and is accompanied by a more or less vague suspicion that the British subject is not so free as he used to be.

It is the main purpose of this journal to convince its readers that the solution of these problems lies in the principles of Douglas Social Credit. These principles involve both an economic and political creed which can be described by the phrase "Economic Democracy."

It is our conviction that the first and most decisive step to that personal freedom which democracy implies, is the establishment of the right of every individual to an adequate share of that wealth which modern progress has made easily accessible. Not until the fear of poverty has been removed from every household, and every man and woman in the country is assured of a permanent sufficiency of those material necessities of life which are now available, can the people reach that state of self-respect and independence which is the first condition of real democracy.

Such a state of economic security is, as every intelligent person is by now aware, a matter of practical politics. It is, in short, physically possible. Every person in this country could, in fact, be at this moment enjoying a relatively high standard of material comfort, were it not for the fact that our rulers are themselves subservient to ridiculous and out-of-date financial theories by which the nation is kept permanently short of money in face of a super-abundance of everything else.

Poverty can be abolished now.

Douglas Social Credit is a method by which the financial system can be altered so that the whole population can be permanently assured of the means to purchase as much of its own production as it wants. It is based on the principle that so long as there are goods for sale, a Government can always issue enough money to buy them.

The principles of Social Credit are explained fully elsewhere in this issue; it is sufficient to say here that they suggest a means of abolishing poverty which could be put into immediate operation by any Government without any serious disturbance of the existing commercial and industrial system.

Theories about money are naturally rife in these days, owing to the growing popular conviction that the financial system is the cause of all our troubles. But our rulers, whose blind obedience to the Money Power is apparent to every serious political student, take advantage of the abundant variety of these theories to pretend that it is impossible for the general public to understand finance, and that we must therefore continue to put our blind trust in the experts who control our financial policy.

The First Step to Political Democracy.

In the midst of many conflicting economic theories, Social Credit is the only one which while insisting that a nation can purchase as much of its own production as it requires, at the same time indicates the democratic means of achieving this. By granting to every individual an independent personal income irrespective of his earnings, in the form of a National Dividend based on his share of the capital wealth of the nation, it would secure for every citizen a status of personal liberty and independence, limited only by his social obligations and duties.

That is the first step to political democracy. Its urgency lies in the fact that at this stage in history purchasing power is political power. In the hands of the individual citizen, it would be an effective defence against all attempts to dictate his social and economic life irrespective of his choice or consent. It would transfer the basis of political authority from the State to the domestic circle, so that the development of social and economic life would depend on the personal choice of individuals rather than upon arbitrary schemes imposed upon them from above.

The only effective defence against Fascism is not "planned economy," nor State control of industry, nor any of the other ways of limiting personal freedom and initiative. It is the National Dividend.

Mr. Roosevelt's Alternatives.

The American Recovery Plan, for all its spectacular scenario, as yet indicates no serious attack on the root cause of the economic disease.

It is not likely to do so while it continues to be financed by loans which will have no ultimate effect but to mortgage the United States to its banks. "The Times" leader of August 13th, and the report of its New York correspondent, suggest that the President is still trying to keep a middle course between the extremes of left and right. He cannot maintain that course indefinitely, however, if the orthodox system of costing and loan finance is to be preserved. For someone must suffer from a system which creates a shortage of purchasing power in the hands of the public, and sooner or later the President will have to choose his victim.

Reports from private sources in the United States indicate a growing belief that Mr. Roosevelt will choose the side of the masses against big business. This seems to be supported by his statement (vide "The Times") that there will be no return to "the old law of tooth and claw" in business. But if teeth and claws are to be eliminated before the whole orthodox system of finance is changed, then the result will be a complete dictatorship, and neither the masses nor big business will escape dentistry and manicure. The monopoly of clutching and masticating will pass, like everything else, into the possession of the banks.

Silver Next, and then What?

That the proposed addition of silver as a basis of currency could affect the American situation in the least degree, could only suggest itself to the poetic imagination of orthodox economists. It will do nothing to close the gap between incomes and prices inherent in the present financial system. But it will widen another kind of gap; for should it, as appears probable, further depreciate the dollar, it must lead to an intensified use of "tooth and claw" in the struggle between the nations for the rapidly shrinking export markets.

Why Nationalisation?

Referring to the Australian election, Mr. Lyons, the Prime-Minister, said recently that the Opposition stands for the nationalisation of banking and the socialisation of credit.

If this report ("The Times," August 14th,) is correct, either Mr. Lyons or his opponents, probably both, are decidedly confused regarding the real issue, otherwise those two things would not be bracketted together, as necessarily associated or mutually dependent. The issue before Australia, and every other country, is that of the beneficial ownership—in the true sense of the word the "socialisation"—of credit. To this end the nationalisation of the banks is quite irrelevant. To nationalise an institution means to call it a State department. In itself, the process effects no more important change than changing the name over a shop. To nationalise an industry is no assurance that its customers will be able to buy more; to nationalise a bank is no indication that its power of issuing credit will be used as much for the benefit of the consumer as of the producer, or that the government will cease to repay its loans by taxation.

Not Quite Kind.

Mr. Lyons, on behalf of his government, takes credit for Australia's having made a "partial economic recovery." Actually, this has been due to such extraneous factors as the high price of gold and the development of the Japanese wool textile industry; and as in this country, the recovery already shows signs of a relapse. But the Australian banks might, if only out of kindness, at least back up their champion by waiting until after the election before issuing such cable reports as that of the National Bank of Australasia, which states that trade turnovers and exports are declining.

Default, Private and Public.

A report has just been issued in regard to the number of imprisonments annually resulting from non-payment of fines, affiliation and wife-maintenance orders, and local rates.

They average 20,000. The Report, which is a Blue Book—a colour natural to reports bearing on national economic life—deals at length with the various punishments and terms of "imprisonment in default."

We do not think this publication is in good taste. Default has now become one of the chief subjects of correspondence between the various governments of the world. For the British Government to discuss how to punish private defaulters at a time when it has been gently intimating that it does not intend to pay its debts to U.S.A., is in our opinion tactless and inconsistent with the high traditions of British diplomacy. The fact is, default between nations is now come to be regarded as inevitable, unavoidable and even fashionable. The reason is obvious: Nations cannot pay each other, the simple fact being that you cannot buy anything in an American shop with an English shilling. It is a pity, but there it is. The only way they can pay each other is in goods; but if you accept goods from a foreign country without sending them goods in exchange, you injure your own exporting industries and create unemployment—which would never do. So you have to let the foreigner off.

Now, civilised nations cannot continue to maintain a double standard of morality, national and international. Either private citizens must be let off their debts, or nations must imprison each other. We cannot permit the former, for that would upset the financial system. The latter, which would involve a complete exchange of populations, would be unfair to the British, for I gather from reliable sources that Continental prisons are less hygienic and commodious than our own.

Find 'em work—At all costs.

By means of loans amounting to nearly $2,000,000,000 to U.S.A. railroads by the Public Works Administration, it is stated that 100,000 persons have been put back to work.

Observe the mathematics of sound economics. It cost $2,000,000,000 to find work for 100,000 men—say £4,000 a man. When it is spent, the efficiency of the railways will no doubt be so increased that they will be able to dispense with a further 100,000 men, so that next time they will spend twice as much. It doesn't matter what you spend on making a man work, nor what he works at, so long as he does not have the money to spend on himself.

The reason is obvious: banks will lend money on public works because when repayment is overdue they can foreclose on the works and if necessary have them destroyed, as they did cotton machinery, for example. But even bankers are not allowed to destroy a man (directly), so a man isn't collateral. The other reason is that if you gave a man enough money to enable him to enjoy at his leisure the wealth he has created, it would demoralise him. That is why a government can spend about £80 a week on finding him work, but cannot give him more than a pound or two. Quaint economics, but awfully sound morality.

Railway "Peace."

The threatened railway strike has been averted in the usual manner. The railwaymen are to get back half of what was cut from wages that were ludicrously small before. The fact that the workers, by which we mean all the producers of railway transport, will benefit at the expense of the shareholders is not so epoch-making as it sounds. There is a catch in it. For the chief holders of railway stocks are banks and financial houses, and it is an interesting feature of our economic system that, however depressed industry is, the banks, insurance companies, building societies and other non-producers remain prosperous. It is only the producers and the small shareholders who invest their savings in "safe" concerns like railways, who are called upon to "make sacrifices." A comparatively small number of shareholders will feel the pinch, and they have felt it so long that the pinched parts must be atrophied by now.

What of the great concession? Future generations will regard as fantastic the spectacle of great trade unions devoting the whole weight of their vast organisations to a struggle to maintain a standard of living that bears no relation whatsoever to the enormous social value of the industries they serve. One can truly say, after an industrial dispute, "the mountain shook, and out came a mouse." Let the railwaymen consider: The railways are more useful and efficient to-day than ever. How is it that the more an industry increases in potential value to society, the less money people have to spend on it and the less they earn from it? We hope that after a few more struggles to maintain what is scarcely worth maintaining, trade unions will realise that modern industry cannot provide sufficient wages to buy its own product; and that until the population receives a money income irrespective of their earnings, their purchasing power will remain insufficient for their needs. When they realise this they may persuade their leaders to devote their energies to something more useful than the defence of wages which, even if they were doubled, could never provide the employees with more than an inadequate and ever-decreasing share of the wealth they help to produce.

The Loanatics.

At the present time the most significant items of financial news week by week are the accounts of the huge loans by which the civilised governments of the world attempt to borrow themselves out of debt.

As this extraordinary phenomenon is ignored by the people best fitted to investigate it—namely, the Lunacy Commissioners—it is left to the commonsense of the people to ask why modern industralised nations, which grow yearly richer, goods, services and mechanised science should continue to listen to the "experts" who insist on pretending that they are growing poorer and poorer.

Italy increases her deficit regularly, and balances her Budget by further loans, a process which could go on for ever unless someone asks for repayment. Japan raises loan after loan to enable her industries to sell at a loss and undercut the rest of the world. This may go on until her creditors commit kari-kari; or perhaps she will be the first to think of subsidising consumers as well as producers, and thus making the fight for foreign markets unnecessary.

The United States is borrowing astronomical sums to provide work for her citizens, who, having done so much good work in the past that they are now in terms of real wealth the richest in the world, are supposed to be suffering mainly from need of work.

We are optimistic enough to hope that now these absurdities are so obvious, the public will soon be roused to question why the people of all nations must pawn their wealth as soon as they have made it, and spend the rest of their lives in a fruitless effort to get it out of pawn.

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 foregoing statement distinguishes the Social Credit Movement from all other movements for social or monetary reform. No other school of reform makes the assertion set out in the first sentence, yet the evidence presented by perpetual poverty (*i.e.*, lack of purchasing power, or money to spend), side by side with more goods and services (*i.e.*, the product of industry) than can be sold, points to the truth of the assertion, which holds good during both booms and slumps.

To say that the statement is untrue in wartime is, first, to admit its truth in peace time, and, secondly, to imply that poverty cannot be abolished without international strife—which is absurd.

The second sentence above gives the key to the explanation of chronically insufficient buying power, by pointing out that, under the present system, money is *created** by the banks, who *lend* it (although it has cost nothing to create) to industrialists on condition that it is repaid to them.

Money is worthless in itself (it is neither food, clothing nor shelter), and its use is similar to that of a ticket, except that the purpose of tickets is generally to entitle the holders to acquire specific things, whereas money entitles its possessors to any kind of goods and services.

In form, money can be anything convenient, from figures on cheques to specially printed pieces of paper or metal. The particular form which money takes has no relation to its worth, and that its creators, the banks, should treat it as repayable to them does not imply that they sacrificed anything when they lent it, for *it did not exist before,* and was created by the stroke of a pen.

When individuals or industries lend money, they are justified in demanding its repayment unconditionally, because, not having created it, they would have to make a sacrifice if they were to part with it permanently. Now, in order that industrialists who obtain money from the banks can eventually repay it, they have to collect it from the purchasers of the goods they sell, for, since *only banks* can create money, that is their only source of income. When the money is repaid to the banks it is automatically cancelled out of existence. Yet, in the course of its circulation through industry, this created money has built up costs which, even after the cancellation of the money, remain attached to the things the money has made it practicable to produce.

The Social Credit case, therefore, points out that, since the banks create money on the basis of (1) a functioning industry, (2) a consuming public, and (3) stable government, which together may be defined as the "Social Credit" of the community, repayment of bank loans is impossible, unless the community is credited with the monetary value of the resources it has brought into being.

Even partial repayment under present accountancy methods must result in a surplus of goods which are unconsumable, not because they are not wanted, but because purchasing power is insufficient to buy them.

This defective system of bank-loan accountancy has reduced all industrial communities to a condition of perpetual scarcity, despite the potential abundance made possible by modern science. It has further involved them in a load of fictitious debt to the banks which can never be paid off. The inevitable result, summarised at the end of the first paragraph of the statement above, is apparent to all.

The cause of the present distress having been analysed, the obvious remedy is pointed out in the second paragraph the Social Credit case. This is, to place in the hands of the members of the community enough purchasing power to en-

continued at foot of page 5

*"Banks lend by creating credit: they create the means of payment out of nothing."—Encyclopaedia Britannica. See also references on page 6.

Propaganda and Practice,

By C. H. Douglas.

There has been a curious conspiracy, more especially during the past hundred years or so, to confuse the essential nature of political agitation.

This confusion is, I think, largely concerned with a failure to recognise two essentially different varieties to which agitation may conform. One is an effort to convert opinion, the second, to achieve an objective. A simple instance of one of them is Socialism, which, whatever we may think of it in its normal descriptions, is a philosophy, and is usually propagated as a philosophy. As an instance of the second, we may take the Women's Suffrage Movement which, so far as I am aware, was only secondarily a philosophy, and, primarily, was a claim for certain "rights" without any very specific detail as to what would be done with these "rights" when they were attained. Perhaps the proof of this contention is that nothing has been done with them since they were attained. But the "rights," such as they are, were attained.

A consideration of these two types of agitation and a recognition of what they can do and what they cannot do, is of the first importance to the Social Credit Movement at the present time. All over the world we have been engaged in propaganda of the first class. I believe that that propaganda has been essential, vital, and highly successful. It has performed the essential task of moulding public opinion, and the signs of its success can be seen even more obviously in the tactics and language of its opponents, than in those of its adherents.

It may be remembered that Heine was asked how it was that the nineteenth century was unable to produce Gothic cathedrals, and to have replied that the nineteenth century was an age of opinions, and it took more than opinions to produce Gothic cathedrals—it took convictions. Whether the Women's Suffrage Movement had any recognisable philosophy behind it or not, it had convictions, and women to-day have the suffrage. If the Social Credit Movement, particularly in this country, is to be translated into the National Dividend and the Compensated Price, it will require a good deal more than a philosophy and a body of public opinion, it will require that type of conviction which produced Gothic cathedrals and gained women the suffrage.

The point to be noted is that action does not necessarily proceed from opinion. It proceeds from the final balance of will-to-act which is left over when the arguments against not acting have been cancelled out, and when this final will-to-act emerges it inevitably emerges through a mechanism. If I am irresistibly driven to cleave a money-lender to the chin, the first thing I shall do is to look round for a chopper

There is a good deal of loose talk at the present time about the futility of Parliament. Doubtless much of it is wholly justified, but it ought not to be forgotten that the Parliamentary system is the one mechanism which exists at the present time by which the will of the people can conceivably be made to prevail.

Let us be quite clear about this. Parliament in itself has no powers whatever, any more than a bell push has any powers in itself, but it is from the appointments made through the Parliamentary mechanism, that control is maintained over the ultimate "sanctions" of the State—the Navy, the Army, and the Air Force. If anyone is so criminally foolish as to suppose that it is possible to organise "sanctions" which can successfully oppose the Navy, the Army, and the Air Force, within the realm of Great Britain, when the Navy, the Army, and the Air Force are instructed to dispose of them, then any such persons are grossly out of place in any political movement, and are not merely a danger to themselves, but to everyone else. No plan for putting Social Credit, or any other major policy, into operation which does not contemplate the effective control of the Navy, the Army, and the Air Force, however that control be acquired, is anything but a chimera, and people who hold such views are wasting their time.

For those, then, to whom Social Credit is not a pleasant parlour game affording relief from bridge or other polite pursuits, the practical problem is to provide an effective mechanism for the will to attain it. That is the task which the Social Credit Movement, whose General Staff is the Secretariat, has set itself to solve, and no adherence or lip service to the Social Credit Movement, which does not assist to that end, is of serious consequence. Certainly not to me.

THE SOCIAL CREDIT MOVEMENT *cont. from p.* 4.

able them to buy everything they are able and willing to produce.

The method of doing this is fully described in the writings of Major C. H. Douglas, who first analysed the root cause of the trouble. Essentially, it will be by means of a National Dividend, which means an income for every member of the community in addition to any money brought in by work or savings

The necessary money will be created, and will not be raised by borrowing or taxation. Where there is real wealth, there is credit; where there is credit, money can be issued upon it. Inflationary results will be obviated by a retail-price subsidy regulated to enable the home market to absorb what it wants of the home production.

It is not necessary for people to understand the technical method by which they can obtain money to assure them a comfortable life and the abolition of poverty. But it is necessary for them to realise that these things are possible. They have then only to see that their elected representatives in Parliament demand that the government shall do what they want.

What Actually *Is* a Bank?

A Banker "Defends" Himself.

by R. L. Northridge.

"I AM quite content to leave theory, and the propaganda which is so often implicit or explicit in it, to the economist and politician. I shall be of most use to you if I confine myself to those aspects of the subject of which I have personal experience and try to explain what banks actually do."

Thus Mr. C. T. A. Sadd, an Assistant General Manager of the Midland Bank before the Annual Conference of the British Junior Chambers of Commerce at Birmingham, as recently reported in "The Times" under the headings, "Functions of the Banks." "A Banker's Defence."

His speech would have lost nothing in interest, however, and gained considerably in usefulness if he had mingled a little general theory with his account of the motions which, as a practical banker, he goes through in the course of his day's work. Though the airman may assure us that he just pulls a little lever when his telescopic sights assure him that he is over the target, and that all the rest is uninteresting theory, we usually like to know a little more about what hit us. It may be morbid, but it is human nature.

Mr. Sadd then proceeds to tells us what "banks actually do"—and promptly embarks upon theoretical principles: "English banking is primarily deposit banking as opposed to investment banking (as in Germany). Let me repeat the words of the old (Gilbart's) definition:—'The banker receives other people's money in order to keep it safe and return it upon demand,' and it will at once be grasped that in carrying out this second duty of financing the country's trade the banker must refrain from providing permanent capital for customers."

Now that is really skilful He does not explicitly endorse that definition himself. He does not state that the function of the banking system is to keep other people's money, nor does he say what that function is. "The Times" report runs to a column but you may search it with a microscope without discovering what a bank is really for. No; all he says is, "Let me repeat the words of the old definition . . ."

Well, here is another authority that Mr. Sadd would no doubt regard as unimpeachable—H. D. McLeod's standard textbook, "The Theory and Practice of Banking."

"The essential and distinctive feature of a bank and a banker is to create and issue credit payable on demand, and this credit is intended to be put into circulation and serve all the purposes of money. A bank, therefore, is not an office for the borrowing and lending of money; but it is a manufactory of credit. In the language of banking a deposit and an issue are the same thing."

Do "Ordinary Citizens" Know This?

And this verdict is endorsed by the Rt. Hon. Reginald McKenna, Chairman of the Midland Bank and former Chancellor of the Exchequer, as follows:

> "I am afraid the ordinary citizen will not like to be told that banks can and do, create and destroy money. The amoun of money in existence varies only with the action of the banks in increasing or decreasing deposits . . they who control the credit of the nation, direct the policy of governments, and hold in the hollow of their hands the destiny of the people."

As neither Mr. Sadd nor Old Gilbart said anything that was reported on this topic, we might examine it a little further.

When a trader obtains an overdraft of £1,000 it means that he can draw upon the bank to this amount. Nobody else's deposit is reduced by this transaction, so that the money in existence has been increased by £1,000. The borrower draws on the money (by cheque) and the recipient lodges the cheque, which becomes a deposit in his name. Later, it is drawn on by cheque again, to become another deposit . . No cash necessarily changes hands: only 0.7% of the business of the country is done by legal tender, and the banks keep only 10% to 15% cash against their outstanding obligations. (This, by the way, is what is called receiving "other people's money in order to keep it safe and return it upon demand.")

They Own and Issue All Our Money.

Since only the bronze and silver coinage is issued by the Government (which is also a borrower from the banking system through the "Ways and Means Account") and since this is less than 5% of the total currency (including bank credit) it is broadly true to say that the banking system is the sole issuer (and since it only **lends** money, the sole owner) of all our money. If you own a pound, somebody else owes it to a banking system, and "won't be happy till he gets it."

The only exception arises when a bank buys gold or a corner site. Then the bank makes a purchase and parts with a hard-earned piece of paper that may have taken a clerk as much as three minutes to fill up. However, the payee gets the money without any strings to it—or, more accurately, gets the right to draw on the money. He does so—by cheque.

None of these interesting matters are mentioned by Mr. Sadd, who apparently discussed only the principles of safe lending and conducted a defence against the charge of demanding exorbitant interest. On both of these counts he is probably on safe ground. No serious critic of the economic system will waste time criticising bankers' profits or interest, as such things have nothing to do with those fundamental flaws in financial policy and principle which are afflicting modern society. Indeed, if our economic system were working even tolerably nothing could be more academic than the debating of the issues raised in this article. In the circumstances, however, it is likely that Mr. Sadd will hear a good deal more of these matters in the future.

Mr. Sadd states, and, by present banking principles, states quite correctly, that "the banker must refrain from providing permanent capital for customers. "Consider the instance of a large block of flats built ten years ago, whose construction was financed, as it must have been directly or indirectly, by a bank loan or loans. Following the maxim just quoted, the loan will have been recalled and cancelled many years ago, while the overhead charges for depreciation, interest, amortisation and the rest must still be collected in to-day's rents, though the money has been destroyed. Is it any wonder that we are faced with a breakdown in effective demand, and consequent "poverty amidst plenty?"

Consider the fact: after the War, when the capital resources of this country had been increased by 50% as a result of war-time demand, the banking system insisted that we were poorer and showed a huge book debt as proof of it. A 50% increase in the flow of real wealth made possible—and yet we were "ruined." Which is true: the industrial **facts,** or the financial **figures?** How shall a nation estimate its real wealth: By its capacity to provide goods and services, or by cyphers on a banker's balance-sheet?

It is criticism on these lines that demands an answer; it is the principles of banking that are under attack and not its practice. For that reason Mr. Sadd's remarks are not even an anaesthetic.

Nations in Pawn

The Farce of Government Loans.

By Hilderic Cousens.

FOR the last four or five years, most of the world's governments have been getting deeper and deeper into debt. Such is the sum of the information in Table 121 of the Statistical Year-Book of the League of Nations for 1933/4.

The British Empire, U.S.A., Italy, Russia, Japan, have been mortgaging their future incomes from taxes to pay for and pay back their increased borrowings.

The leading nations have had, apparently, one primary object: To borrow themselves out of debt. And the process has not yet stopped.

The learned Table, however, gives seventeen States—and there are more now—which were refusing, wholly or in part, to pay for or pay back their old debts, as by contract bound. Yet this open and candid suspension of "Debt Service" is rather the uncultured resource of such places as Turkey or Uruguay. In Great Britain, U.S.A., and other mirrors of civilisation, they do things less crudely. Obligations are evaded by "converting" interest rates or devaluing the dollar. It amounts to the same thing, but it sounds better.

The troubles associated with national debts, whether external or internal, are so notorious, that even the least prudent statesmen, might be expected to avoid them like the plague. But no! Italy, Japan and the United States are now issuing more loans, to balance their Budgets or to speed up recovery. And while we might expect from well-received economists a certain deprecation of the policy of loan extension, on the grounds that it only postpones a more evil day, we find Mr. Maynard Keynes, in "The Times," most concerned lest the United States government increase its debt at too slow a rate.

The Expert's Advice: More Debt.

While the Guaranty Trust Company laments the "Huge Cost of Recovery Program," and says that the Public Works Administration has allocated all its funds but the jobs can't be got going fast enough to use them up, Mr. Keynes declared that a strong business revival in the Autumn could be got going by issuing 400 million dollars a month.

The U.S. Treasury deficit in the current year is 7,309 millions. The Federal financing for the first half of 1934 amounts to 10,000 million dollars. But as this has not produced prosperity, Mr. Keynes wants this further *loan*, for, he says, taxation, merely redistributes income. He wants it to continue for at least a year, because whoever gets it as income will use it in part to pay back taxes, back rents, back interest, and back debts; then after a time he will spend it on himself, and, perhaps, will spend so much that manufacturers will raise money for repairs and renewals. Thus will trade revive, and—?

And then what? It is difficult to foresee. But that is the picture drawn by the great economist, Mr. Keynes.

What Are Loans Supposed to Do?

What actually is the situation which Mr. Keynes and the money-lenders of America desire to ameliorate by the process of increasing debt *ad infinitum*? Briefly, it is this: In America, as in other countries, loans of various sorts have been issued in the past to governments and business enterprises for the American people's presumed benefit; and the American people cannot pay them back.

Why not? According to orthodox economists, a nation's total incomes are always sufficient to meet the total prices of its goods. Now, if total incomes do *not* equal total prices, then the Douglas analysis is correct (awful thought!), and the present financial system is finally unworkable. For if total prices are more than total incomes, then there will always be more production than consumption; there will always be a trade slump and—since the only "orthodox" cure for slumps is loan after loan—nations will always go on increasing debt.

If, on the other hand, total incomes are in excess of total prices, then there is not and never has been any reason for a general trade depression, and any temporary depression is self-curing. But the American depression is not in the least likely to cure itself, as the pundits agree, however much they may disagree as to what *will* cure the wretched thing.

The Cure that Increases the Disease.

But if total prices, incomes and costs are all equal, then what chance is there of loans now being made being ever repaid? The pundits can only suggest—still further loans. Future production they say, will be paid for by future incomes. But if present incomes cannot pay for present production plus past debts, how are future incomes to pay for future production plus the debts which the Government and the banks are busy piling up now, in order to pay for those they piled up in the past? What they will try to do later on of course, is to repudiate; though such an action will be veiled in a cloud of polite words.

But first—whence does all this money come? If the U.S. Treasury printed off 400 million dollar notes a month and handed them out, even though it proposed to get them back through taxes in some remote future, that would be inflation and not a loan. A proper loan must be borrowed from someone.

The loan, then, is to be lent by the money-makers of the United States. It is to be a three-cornered deal betwen the U.S. Treasury, the Federal Reserve system and the private bankers to provide a financial stimulus now, in return for a persistent deflation in the future, when the American citizens will hand over hard cash and title deeds to real assets so that the loan, which cost the financiers nothing to issue, may be duly written off in the bank accounts.

Why Governments Borrow Their Own Money.

The fact is, the whole idea of a National Debt is an anachronism. It is based on two absolutely false suppositions:—

(1) That there is a scarcity of labour, power and goods. The Government is supposed to be in desperate need of *things*—of goods and services, and must therefore borrow money to buy them.

(2) That a Government cannot issue its own money to pay for its services, but must borrow it from financial houses to be repaid by the taxation of its subjects.

Both these suppositions are, let it be emphasised, absolutely false. There is no reason whatever why all money must come into existence as a debt, except the reason that a modern government appears to exist only for one purpose—namely, to guarantee an income to its financiers at the expense of the rest of its subjects.

Circulation and Advertisements.

"SOCIAL CREDIT" will welcome suitable advertisements and rates will be quoted upon application to the Manager, "SOCIAL CREDIT" 9 Regent Sq., London, W.C.1. It is suggested that supporters should send in notices of their business and that readers should make a special point of dealing with such advertisers. This should produce not only increased business for advertisers and pleasure to their customers, but a useful source of revenue to "SOCIAL CREDIT."

It is of the utmost importance that "SOCIAL CREDIT" should be made widely known among the general public, and an invaluable kind of activity is that of increasing the circulation of the paper. Local newsagents might be approached to stock the paper, but the surest way of increasing the circulation on a steady basis is by direct subscription. The rates of subscription are 2s. 6d. for three months, 5s. od. six months, and 10s. od. a year, all post free. Remittances should be sent to the Manager, "SOCIAL CREDIT," 9, Regent Square, London, W.C.1.

Financial Famine

Permanent Scarcity Caused by the Flaw in the Price Accounting System.

By DARAN.

ECONOMIC science, as operated by the financial-industrial system is based on a theory of permanent scarcity. It never rises above the hypothesis of a limited and insufficient supply of the necessities of life and economic insecurity for the mass of the community.

The practical achievements of science are not reflected in the social environment. There is an apparently unbridgeable gap between the scientific-intellectual standards of the age, and the standards of social degradation and armed hooliganism which govern the national and international relations of men to-day.

The causes of this obvious breakdown of the mechanistic civilisation undoubtedly lie in the false complexities of economics. They lie in the attempt, impossible in practice, to impose *a defective accountancy* on the distributing system.

Orthodox economists do not accept our assertion that an explanation of the universal economic paradox (poverty in the midst of plenty) may be found in the domain of elementary book-keeping.

Real Wealth Obscured by Financial Values.

Yet, consider the facts. Economic theory is assumed to be concerned with the "law" of supply and demand. But all economic operations are, in fact, confined within the four corners of a balance-sheet. Theoretically, economics is concerned with real wealth, the creation of a material environment; but in practice all real wealth is ignored and is substituted by financial values.

Thus, there are three concepts: the natural wealth converted by scientific industry into goods for use, the financial values or "prices" of these utilities, and the claims by individuals on the produced utilities in the form of money, which economic science calls "effective demand," and which is obtainable only as a reward for work, or for investment.

These concepts are not theoretical, be it noted; they are the facts of the economic world. Yet, obviously, in actual practice the "law" of supply and demand is substituted by the universal principle of profit and loss; scientific production is bound by the accounting price-theory; and individual freedom depends upon the possession of money-tokens which are in fact controlled by an irresponsible and unregulated private monopoly.

The Real Impediments to Industry.

These three concepts—one of scientific production, which is "supply," one of price-accounting, which is "record," and one of effective demand, which is economic distribution, are all imposed upon productive industry, *the real problem of which should be engineering only.* The effects are catastrophic.

The true function of industry is the conversion of natural wealth into economic utilities, and their transport to the point of consumption; the creation of a material environment according to the knowledge and power made available by science; and the removal, by improvement of process, of the creative burden from men to machines. Industry deals primarily with the "circulation of goods."

As a scientific engineering organisation, industry has solved the problem of supply, and, even at the present stage of development, there is no practical limit to the supply of economic utilities. Potentially, there is more than enough for everyone. But they cannot be distributed; enormous productive capacity lies idle coincident with the existence of universal scarcity. The secondary functions namely, price-accounting and the creation of purchasing-power, intervene to prevent the primary function of industry—the production of goods for consumption.

First, as to the accounting principle of price-building. Simply, this states that all costs, whatever their nature, must be recovered in prices, and that such "prices" must come from outside the industry in the form of "effective demand," or money. The goods must be created, priced, and sold *for consumption,* since the consumer is the only "market" outside industry. So, when industry creates capital goods (*i.e.,* permanent and semi-permanent works), or intermediate goods (raw materials, tools, etc), it is forced to charge the cost of those goods into the price of consumable goods.

What a "Price" Consists of.

Thus, when the direct manufacturing costs of consumable goods are made up, there is added capital charges and intermediate costs. The consumer does not want the boot factory or the baker's oven, but when he pays for his boots and bread, he must pay for those things also. If he did not do so, industry could not cover its financial costs.

Therefore, having created the goods for sale, and having built up in the price thereof all preceding costs, in capital and series production, industry must, under the profit and loss principle, refuse to sell its consumable goods unless the consumer can offer sufficient "effective demand." If the consumer has not got sufficient he is deprived of the available goods; the economic system ceases to operate. So, goods, and their financial "prices," flow through the same channel of industry; but in practical operation it is the "price" that is of importance; and these two industrial functions—goods and prices—are mutually destructive.

The third function imposed upon industry is the issue of effective demand (money) to individuals, sufficient to meet the prices which it is forced to charge for consumable goods. And here is a postulate which should be examined and understood:—

> All money in the hands of individuals must under the present system be issued from industry in the form of wages, salaries and dividends, and must therefore be included in the cost of goods produced.

Prices are Always Greater than Effective Demand.

The circulation of money is *outward* from industry as profit and labour costs to individuals as producers, and *inwards* to industry from the individuals as consumers, cancelling the price of goods bought for consumption. Industry is required to issue, in any given period of time, sufficient effective demand to meet the prices created during that period, including its own profit, *and that is manifestly impossible.* A "profit" must come from outside industry; but if all effective demand must be issued from within industry, and included in price, then the profit and loss system and the accounting of price are again mutually destructive.

Consider again the triple flow, from the same source, of goods, prices, and effective demand or money. In practical economic life, goods are ignored, and prices and effectvie demand must be reduced to the terms of a balanced financial statement.

But the most elementary acquaintance with accountancy makes it obvious that *the flow of prices must always be greater than the flow of effective demand to meet them.* The costs of capital goods are charged into price over a term of years, and no effective demand is issued to consumers against such costs in the year of charge.

Also, the costs of intermediate goods are inter-unit payments, between the specialised grades and departments of industry, and such payments are summarised in the price of consumable goods, but no effective demand is issued against them on completion of the productive cycle. In both cases, the effective demand originally issued during the period of production was used (less savings) for immediate subsistence, *and is not available when the consumable goods are offered for sale.* There is thus an accentuated shortage of purchasing power; the profit and loss system breaks down, and the stream of production dries up.

It is no answer to say that all grades of production are in process at the same time, and that the effective demand issued in respect of capital and intermediate goods in process, is available to meet the built-up prices of previous goods. It is not a remedy to say that yesterday's factory will be paid for by the erection of another factory for use to-morrow. That is not system; it is unregulated chaos.

This attempt to finance consumption by an ever-increasing production of capital goods is obviously

continued at foot of page 9

A Social Creditor's Diary

While there is very strong support for Social Credit in the Legislatures of Canada and New Zealand as well as in Australia, the first member of any Parliament in the world elected on a straight Douglas Social Credit platform is the Rev. G. S. Carruthers, B.A., who has just gained the seat for Tasmania. Major Douglas has cabled him: "Congratulations. There will be many others but only one first."

This is the season of fishing stories. The latest and craziest is by Sir M. McKenzie Wood, M.P., who thinks that the people who ought to develop the home-market for the herrings our fishemen catch but cannot sell are the wholesale merchants in the big towns. "But if these herrings," he adds, "are not sold by a certain time the Government should assume responsibility and give them to the unemployed." The man has obviously one of the kindest of hearts. His technique, however, for the application of Social Credit is a sad reflection on his crown. Purchasing power to buy the herrings on arrival would be vastly more appreciated by the unemployed than a gift of stinking fish by a certain time.

"Sir Edward Mountain's search for the Loch Ness Monster," says the august "Times" with laurels in its hand, "has provided approximately 110 weeks of work for unemployed men in Inverness." Whether monsters be so shyly non-existent as that of Loch Ness or as fiendishly real as that of War, at solving unemployment they seem to have no rivals.

A new, "all-electric home of the future," constructed for exhibition by the Westinghouse Company at Mansfield, Ohio, has more connected electric load than the total capacity of the plant in certain generating stations when they were first opened a little over thirty years ago.

The opening by the King of the new ten million pounds tunnel under the Mersey at Liverpool brings to mind the grand disdain shewn by Sir Gilbert Scott for finance when he proposed to solve the problem of London's hideous, collapsing and overloaded bridges by taking the traffic under the river. As an engineering problem, he proves, it is easily and completely solvable. Could any further evidence of the wrongness of the financial system be required even by its silent High Priest, Mr. Montagu Norman, then the gap between the estimates of what could be done made by the engineers, architects and scientists who could do it, and on the other side, the wretched little programmes sanctioned after much circumlocation by the Bank of England and the Treasury, who need not have to do anything at all but keep the accounts.

You cannot, I was trying to prove to the economists, tell the people both to save and spend the same money. "Cannot?" they retorted, "We do."

The remark of Mr. Bernard Westall, unquestionably an expert at his own game, "that Bridge ought to be taught in schools," is neither too frivolous nor so wide of the mark as it seems at first. Compared with economies as taught, say, at the London School of Economics, Bridge is healthy exercise for the mind guaranteed not to warp it. If the newspapers were as much obliged to teach their readers to think straight about economics as about Bridge, poverty in the midst of plenty would be ended for ever in 1934. Economics, unfortunately, is more like the game of Banker.

The former Assistant Registrar of Great Britain who observes that "the rate of suicide among unoccupied males is enormously greater than among those who are occupied," betrays how very prone the most alert and humane minds can be to misunderstand the very cause of the problem. The writer I have quoted would not, I am certain, classify as "unoccupied" either gentlemen of independent means or pensioners. It is thus perfectly clear that the accurate classification is neither "unoccupied" nor the one the writer appears to have had at the back of his mind, namely, "unemployed." The provision of goods, not of occupations, is the object of industry and nobody can say that it has failed; and the duty of the community cannot, therefore, be to provide "occupations" for the "unoccupied," but simply incomes for the incomeless. They will then provide occupations for themselves. It's only when your pockets are empty that you dress up with nowhere to go.

A.N.

FINANCIAL FAMINE *continued from page* 8.

futile. So far from providing sufficient immediate purchasing power for consumers, it pushes the problem into the future in an accentuated form, and places the whole economic system under the domination of the credit monopoly vested in banking—the only source from which such expanding future production may be financed.

The Failure of the Wage System.

The briefest examination of these practical and irrefutable facts will disclose the accuracy of the Douglas formula, and the conclusions based thereon. The continuous replacement of manual by machine labour reduces the flow of effective demand, increases the capital charge in price, and accentuates the deficiency. An artificial tension is created between labour and the liberating science—between the worker and the machine—for the right to do the work. The wage system of distributing effective demand is breaking down.

Continued adherence to the quantity "law" of money, operated by the gold or other currency standard, continues the monopoly of credit vested in the banking system, and places the economic world in pawn to a financial dictatorship. The struggle to correct national deficiencies by a "favourable balance" of foreign trade is a form of economic warfare that must lead, inevitably, to armed conflict.

And let it be repeated: these are not abstractions, but an analysis of concrete facts, in actual and universal operation, which are disregarded by orthodox theories. It will be the function of this journal to state, fairly and impartially, the process of investigation proving the Douglas analysis, and to set out the scientific and immediate remedy indicated therein.

West Riding Summer School

THE Summer School held at Seacroft School, Skegness, by the West Riding Douglas Social Credit Association from August 4th to 18th, is proving a great success.

The technique of Douglas Social Credit has been most lucidly and exhaustively dealt with by Reginald Kenny, Esq., and C. M. Hattersley, Esq., M.A., LL.B. Aspects of Social Credit have also been dealt with by Dr. Neil Montgomery, President of the West Riding Association, John Hodgson, Esq., L. D. Byrne, Esq., of Southampton Group, Major Bonamy Dobree, Eimar O'Duffy, Esq., and R. J. Scrutton, Esq. Lady Clare Annesley has acted as Hostess with her usual charm, and Mrs. Hattersley and R. G. S. Dalkin, Esq., Vice-Presidents of the West Riding Association, have acted as Chairmen.

The members of the School feel, as a result of their lectures, much better equipped to act as Apostles of Social Credit, and the beautiful surroundings which, as all the world knows, "are so bracing," have assisted in the recuperation of all, added physical recuperation to the mental stimulus.

The West Riding Association is now looking forward to a vigorous Autumn and Winter campaign to culminate in a great rally to be addressed by Major Douglas at Bradford on February 6th.

Democracy Has Not Failed

How to make Parliament Function Properly.

By George Hickling.

IN this age of applied power and mighty machines, plenty for all is a practical proposition.

Thanks to the industry, the inventions and the resources of our forefathers, we are the inheritors of a wealth of scientific knowledge and technical skill. Our farmers, engineers, scientists, craftsmen, sailors, artists and even politicians, are as good as any to be found in the world; better than most.

We live under a democratic system of government. It is a principle of the British Constitution that the sanction of power over all the forces of the State, which are vested in Parliament, exists to ensure that the will of the people shall prevail.

How, then, amidst all the abundance of our industrial production and under a system of free democracy, can we explain the unnecessary poverty and insecurity around us?

Is it the will of the electors that starvation shall continue in the midst of plenty?

Democracy Has Not Been Tried.

Can it be that Democracy has failed? Many people are telling us so; at first glance it would appear so. But a little further thought shows that Democracy has never yet been tried.

Hitherto, at a general election the issue (that is, the question of what the people are to vote about) has always been decided by a few heads of political parties. This is by no means an essential principle of democratic political procedure, but it is the cause of the apparent failure of Democracy.

It is useless to blame politicians for this, or to blame the Party system or the principles of Democracy. It is ourselves who have failed to exercise our legal rights to express our will and appoint members of Parliament to carry it out.

If we are to save our birthright of Democracy, we must accept our responsibility as democratic citizens by *voicing our will.* We must stop letting politicians tell us what we want, and instead, tell the politicians what the people want.

Electors Must Choose Their Own Issues.

We must not again get side-tracked by such confusing and incomprehensible election issues as "saving the pound" (the meaning of which not one elector in a thousand understood). We must fix our minds on the wealth which our industrial system can produce, and plainly state that it is our will that this wealth shall be distributed; that it is not our will that fish shall be thrown back into the sea, milk poured into ditches, and production restricted to keep up prices in the interests of the Money Monopoly.

If real Democracy had been practised at the last election, the candidates of all colours would have been told that the electors' will was not to "save the pound," but rather that pounds shall be distributed for the purpose of buying the goods that are there ready to be bought.

In other words, the issue at the last election should have been whether existing plenty should be destroyed or distributed. And there would have been little doubt as to the result.

There is one way, and one way only, in which Democracy can be saved and poverty ended: *The electorate must itself decide what it will vote about.* We must no longer allow ourselves to be confused by the various red herrings known as "Party Programmes." Only by practising Democracy can we have it.

The Attack on Democratic Institutions.

The urgency and importance of this matter will be seen if we realise that unless we rouse ourselves quickly to practise Democracy it will soon be impossible.

For some time now, powerful influences have been at work attempting to discredit the principle of Democracy, and offering as alternatives various forms of Dictatorship such as Fascism, Communism, Rationalisation, Planned Economy, etc., all of which are inspired by the motive of superseding Democracy, and making it impossible for the *real will* of the people to be put into operation.

The object of these anti-democratic schools of thought is a Servile State, in which the people will be regimented and dragooned by an autocratic minority, whose first act will be to consolidate their position by making it a crime to attempt to dispose them.

The British: Bad Starters, Good Finishers.

A study of the history of our people and country will show that we are not destined for that. The patience of the British can easily be mistaken for stupidity, and their easy-going good nature for weakness.

Both are dangerous mistakes for a would-be dictator to make, whether that dictator be a single man, or, as would be most likely, a small financial clique. It is true that our people are slow starters, one might say bad starters, especially in a fight; but our record shows that our habit of late starting is more than paid for at the finish.

The People's Wants are Quite Clear.

And so it will be in this new battle. There are signs that the British people are beginning to protest against the misuse of their political institutions. The fact that an increasing number of electors do not trouble to vote because they sense the futility of wasting votes on what they don't want, is one of these signs. And Social Creditors will find in this attitude a fertile field for the new line of action that is being prepared.

The situation demands that we use our political machinery for a clearly defined economic object. If we do not, we shall lose our political rights, and with them lose our power of demanding what we want.

What the people want is quite simple. They want economic security combined with liberty. In other words, they want ECONOMIC DEMOCRACY.

This can be obtained. The means to obtain it exists —namely, the Parliamentary Vote. We must use it for demanding the distribution of the *National Dividend,* and refusing to vote on any other issue.

What to Read

A Short List of Recommended Literature.

Statement of Policy of the Social Credit Secretariat	1d.
The Breakdown of the Employment System, by C. H. Douglas	1d.
Social Credit Principles, by C. H. Douglas	1d.
The Nation's Credit, by C. G. M.	4d.
The Abolition of Poverty. A Brief Explanation of the Proposals of Major C. H. Douglas, by R. S. J. Rands, B.A.	4d.
Poverty Amidst Plenty, by C. F. J. Galloway	6d.
An Outline of Social Credit, by H.M.M.	6d.
Introduction to Social Credit, by M. Gordon Cumming	6d.

The above short pamphlets are necessarily incomplete but furnish a useful introduction to the subject.

These Present Discontents: The Labour Party and Social Credit, by C. H. Douglas	1/-
Social Credit, by C. H. Douglas	3/6

This book contains the philosophical background of the subject and has as an appendix, the Draft Scheme for Scotland.

The Monopoly of Credit, by C. H. Douglas	3/6
*Economic Democracy, by C. H. Douglas	6/-
Credit Power and Democracy, by C. H. Douglas	7/6
Warning Democracy, by C. H. Douglas	7/6
The Douglas Manual, by Phillippe Mairet	5/-
Economic Nationalism, by Maurice Colbourne	5/-
Ordeal by Banking, by Allen Young	2/-

Orders for litreature should be addressed to the Manager, "SOCIAL CREDIT," 9, Regent Square, London, W.C.1.

*Economic Democracy is temporarily out of print but fresh supplies will shortly be available.

Programme of Action

Outline of the Campaign for the National Dividend.

SUMMARISED below are the objectives at which we aim, the programme of action by which that aim may be attained, and the democratic method of carrying it out.

OBJECTIVE: To transfer the *beneficial ownership* of credit from the banks to the British people.

PROGRAMME: To bring Parliament, and consequently the forces of the Crown, which Parliament controls, under popular control in regard to objectives, and not in regard to the means of attaining them.

METHOD: (1) To present policy systematically to all voters. Sufficient information should be placed before them to show that they can have a larger personal income, with absolute security, by means of a National Dividend. Upon their agreement they should then definitely be asked to vote for that candidate only who will demand its immediate payment.

(2) To instruct the Member of Parliament in the policy of the people, and his function in securing it: which is to insist upon results, and if necessary to pillory the actual individual responsible for the attainment of results in the event of their non-attainment.

(3) If the Member of Parliament refuses to support the policy of the people, to nominate a new candidate.

The most important thing to notice about this programme of action is that if it is properly executed it will secure the objective.

The first stage, which is a house-to-house canvass of the electorate, requires action from individuals which, though arduous and exacting can be performed by anyone of average intelligence whether conversant with Social Credit technique or not, and with the minimum of training. It has actually been proved by experiment that the canvass can be carried out over a sample cross-section of society, and with only hurried preparation, with success varying between 70 and 80 per cent.

Appeal is made, not to any individual or group of individuals whose authority rests upon formula or custom, but to the actual source of all authority, the collective will of the people.

The people are asked to exercise their authority not through any new channel of which they might be legitimately suspicious, but through the existing institution of Parliament; whose *orders* will consequently carry the full force of ultimate authority, which includes the armed forces of the Crown.

It is sufficient for the present to define an *order* as "an expression of will conveyed to an executive, indicating what is to be done, but not how to do it."

In order to explain briefly and simply to the electors Great Britain and Northern Ireland the present situation and what they can do to remedy it, a leaflet, reproduced blow, has been drafted for presentation to the canvassers.

Demand a NATIONAL DIVIDEND.

You are a Citizen of a Rich Country.

Shops and warehouses are full. There are machines and materials to ensure plenty, comfort and security for all. In spite of this there is poverty.

Poverty To-day is only Lack of Money.

Poverty means worry and despair for millions. Yet money is only a ticket. Goods are the real wealth. More money must be distributed, but wages alone are not enough.

Wages are payment for human work.

Modern methods mean more goods, less human work and therefore less wages.

But the Goods are There.

So all must have money whether working or not, if they are to live, and be customers of industry.

An Extra Money Income for All apart from Earnings.

This is what the National Dividend will be. It can and must be issued without inflation and with reduced taxation. A secure, independent, personal income will remove the fear of poverty, offer a fuller life to every man and woman, and preserve liberty of speech and action.

This is a Democratic Country.

Governments exist to carry out the people's will, but they must be told what that will is. Poverty can be abolished, taxation reduced, and plenty distributed. If you wish poverty abolished, sign this pledge and make the next election turn on one issue:—

A NATIONAL DIVIDEND NOW.

Use *your* vote for what *you* want. Election scares are designed to capture votes.

Be On Your Guard.

PLEDGE.

I believe that, in this age of abundance, poverty can be abolished.

It is my will that I, together with all others, shall enjoy the plenty, freedom and security that modern progress can provide.

I therefore pledge myself at the next election to vote only for the candidate who undertakes to demand payment of a NATIONAL DIVIDEND to every citizen, and to defer all other legislation till this is done.

Signed .... Constituency ....

A Call for Volunteers.

It will be realised that the leaflet is drawn up strictly in accordance with the principles of the democratic electoral campaign. It is not necessary, when inviting electors to sign the pledge, to discuss any technical matter. The simple facts of physical abundance should be stressed in order to show that it is possible for people to have what they want without calling for sacrifices from any one else, and to ask them to demand a higher personal income with complete security by means of the National Dividend.

The Electoral Campaign referred to above will demand a great effort of organisation, and an early step will be the enrolment and instruction of canvassers. Preparations for the conduct of the Campaign are under way, and volunteers are needed.

Offers of voluntary assistance for the new weekly, "SOCIAL CREDIT," are wanted, too.

The kinds of work to be done are legion, so no one need be too modest to offer assistance. Nothing is more welcome than financial contributions, for ample funds make possible a free choice of the most suitable service. Personal service, however, is no less desirable, and those who can give it in any form are requested to write to the Secretary, Social Credit Secretariat, 8/9, Essex Street; London, W.C.2., concisely stating their special qualifications and the time at their disposal. If volunteers would kindly write on one side of the paper only, it would facilitate the task of the sorters. Letters and the envelopes containing them should be marked with "V" at the top.

SHOULD BANKERS TELL ?

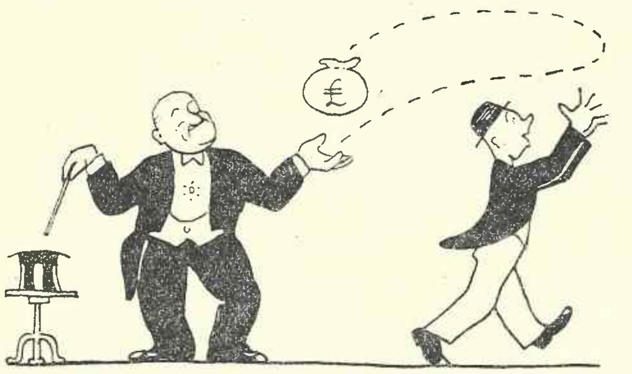
I REGRET to see that on another page of this issue there is some quite unnecessarily frank speaking.

One of the contributors quotes a well-known bank chairman as saying, "I am afraid the ordinary citizen will not like to be told that banks can, and do, create and destroy money." And then he proceeds to tell them. Is this kind?

Was it necessary to repeat that statement? It was made by the chairman of a bank to his shareholders, and clearly he did not mean it to go outside. Is it the act of a gentleman to broadcast what a man is overheard saying to his friends? It is not; it is the act of a money reformer, a very different thing. It will come as a shock to the banker in question when he sees it in print. When a distinguished gentleman gathers a few friends together, shuts the door, and says, "Have you heard this one?" he does not expect to find himself quoted in an influential weekly newspaper circulating throughout the British Empire and some parts of Liverpool.

Further, it is a breach of commercial ethics, if there are any, to repeat what a distinguished member of a noble profession said in private about the credulity of the public. If anyone offered to tell me such things I should turn on my heel and walk away, even if I came back with a couple of drinks. So would any gentleman. We should respect professional secrets.

I say the editor ought not to publish this sort of thing. What England wants is a Clean Press, not a collection of private gossip overheard by people who listen at keyholes and hide under board-room tables. The Press was getting clean—so clean that there was practically nothing in it. Now this has spoilt it.



A banker can make money appear and disappear. Or if you don't like that trick, he can—

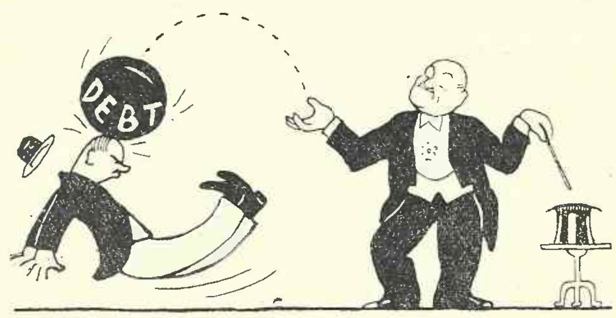
Besides, there is a deeper moral side to this particular question. Information as to the source and origin of money is definitely *not* part of What a Young Ordinary Citizen Ought To Know.

I am no prude. I am not one of those people who think we should not teach the young the facts of life. For one thing, they know them already. Only the other day my grand-daughter, aged 7, mistaking me for an economist, told me how to get three guinea-pigs for the price of two.

But I do draw the line at telling Ordinary Citizens where money comes from. I would sooner tell them where Ordinary Shares go to, in the winter time. They soon find that out, anyhow. I may be old-fashioned, but is it necessary to pander to vulgar curiosity by publishing details as to where money comes from, to say nothing of telling what happens to it afterwards? I would be the last to discourage a healthy desire for knowledge in Young Ordinaries, and I realise that now and again they will ask what, in their innocence, they do not know to be Improper Questions.

Most of us have suffered the embarrassment of hearing an Ordinary Citizen, in mixed company, ask, "Aunty, who makes money?" or, "Where do loans come from, Papa?"—and the embarrassment is all the greater because nobody really knows.

Mothers of Ordinary Citizens frequently ask me if there is any nice, poetic way of telling their children these facts of life. I reply, "Why must they know? Is there anything so touching, so sweetly pure, as an ordinary citizen's innocence? Then why muck it about—I mean, why hasten the day of rude awakening—'twill come all too soon—when they realise that total incomes never meet total prices? Let blissful ignorance enjoy its little day, and young life its dreams."



—turn it into something else.

It may not be necessary in the case of an ordinary citizen approaching adolescence—say, a chartered accountant under 50, or a grocer with only one grandchild—to go on telling them that loans grow on gooseberry bushes, or that the banker brings money in a black bag. But the language of economics is rich in allegory and fairy tales which, while sounding more convincing to the growing mind, are equally remote from hard facts.

For instance, there is that charming and delicate little fantasy—"The savings of the people are the only source from which industry is financed." Even Sir Robert Horne swallowed that one, and he was once Chancellor of the Exchequer—quite a big citizen. Ordinary Citizens will lap it up like jam. I've seen them.

Finally, these disclosures make nobody happier. How much better off is a man, who pursues his smiling way through life, believing that God's in his heaven, the bank's down the street and there's always enough money somewhere, when he discovers that the banks can create money for the producer but have to destroy it before it reaches the consumer?

When Mr. McKenna said the ordinary citizen will not like to be told these things, he was laying a benevolent obligation upon us, and would, I'm sure, have been deeply pained if he knew the citizen would be told.

Then why tell him? It will only depress him. Why not observe that tactful reticence, implied in Mr. McKenna's sympathetic observation, which was so aptly expressed in the old song:

"I 'aven't told 'im, not up to now.
If I did very likely it would only cause a row.
a row.
'E doesn't know, I don't see any reason why 'e should,
For 'e wouldn't be any 'appier if 'e did, so what's the good?"

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