

SOCIAL CREDIT

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NOTES OF THE WEEK

THE UNCHALLENGED POWER OF FINANCE

MANY people will have noticed the recent announcement in the papers that eight million spindles may be scrapped to "save" the Lancashire cotton industry.

It must be puzzling to ordinary people to be told at one time to "Produce More" so as to help British trade, then to hear shortly afterwards that production is to be restricted and machinery destroyed—also to help trade.

But they do not enquire into it—which suits the money monopoly very well. The last thing they want is for people to enquire deeply into the money system.

In the face of the honour and respect in which bankers and the banking system are held, it is not easy for people to realise that this "poverty in plenty" state of the world is due to the defects of the financial system which the bankers control.

Yet that is the fact. Though we are faced with a potential supply of real wealth sufficient to banish poverty from the earth, the men who control money have got us all in a straight jacket of artificial scarcity. So it is that Governments, who accept the rules of finance without question, instead of raising the people's power of spending to match their power of producing, are deliberately doing the exact opposite—namely, cutting down production.

It is not our purpose to discuss the motive of the money monopoly except to observe that men who have power will always keep it as long as they can. And by manipulating the issue of money and keeping it in short supply, they are able to exercise a sovereignty compared with which parliaments, kings and dictators are mere puppets.

"Cornering" The Money Supply

One has read what big business in America can do when it succeeds temporarily in cornering a single commodity.

What then must the power of the organisation which has *permanently* cornered the key-commodity on which everything else in the material world depends? Obviously, this money monopoly holds consumers, producers and governments in the hollow of its hand.

This explains why it is possible for the money power to have things done which outrage commonsense. When

hungry people hear that enormous quantities of wheat are being thrown into the sea and coffee used to stoke railway engines in Brazil, they may feel that they are living in a mad world, but there they leave it. They have been trained to believe that the producer is the all-important person, and it never occurs to them that they themselves have rights as consumers.

At the same time producers are encouraged to believe that the purpose of production is to provide jobs and make profits. The idea that the true object of production is consumption is kept in the background, so producers see nothing out of the ordinary in destroying material which millions of people would be only too glad to buy if they had the necessary money-tickets to do it.

The Golden Age, of which men have dreamed for thousands of years, is almost within our grasp. Nobody knows how great would be the world's wealth if the Machine were allowed to work unimpeded and its products were sufficiently distributed to consumers; it is enough to know that everyone of us would be able to live in complete security at an immensely higher standard.

The Permanent Shortage of Money

All that is necessary to bring about this change is to remove a small but vital flaw in our money system. This flaw arises from the fact that all new money is issued by the banks as *debt*, and its effect is to make the community permanently short of the money necessary to buy what they themselves produce.

The remedy is to issue fresh supplies of new money to the exact amount needed to bridge the gap, and distribute it free to the people in the form of a National Dividend. This money need not be issued as a debt nor paid for out of taxation. It can be issued as credit, based on the real wealth of the community which is potentially unlimited.

When this is done, as it could easily be done by any government, and accompanied by statutory price regulation to prevent inflation and price-raising, the real demand of the people for goods and service would make itself felt.

The Machine, freed from the artificial forces which restrict its power, would at last be released to create that abundance for which it was designed.

SOCIAL CREDIT AND THE LAND TAXERS

It is instructive and perhaps encouraging to notice that attacks upon Social Credit conform fairly closely to a general type, with certain well-marked characteristics.

- (1) They generally betray demonstrable ignorance of the subject and its bibliography.
- (2) They frequently mis-state the premises.
- (3) They have a tendency to lay stress on the blamelessness of the financial system.

A recent review of "Social Credit" by Major C. H. Douglas, republished by Messrs. Eyre & Spottiswoode, is a good example of all three of these. It is not suggested that the great majority of the followers of the late Mr. Henry George are aware that they are being used as tools of the banking system, but we have very little doubt that this is the case. For instance, the review in question appears in "Land and Liberty," a monthly journal for Land Value Taxation and Free Trade, published by the United Committee for the Taxation of Land Values, and priced at one penny, obviously less than its cost of production—an interesting instance of the use of the compensated price by critics of it. The review in question begins by mis-stating the price of the book reviewed. It then remarks that "this may be accepted as the author's maturest exposition of his theory" and ignores the fact that several books and pamphlets all dealing with the same subject succeeded it. It then suggests quite erroneously that the A plus B Theorem has been abandoned. It goes on to attribute the ability of banks "to give credit to one man because of the funds entrusted to it by others." It confuses land prices with the quantity of money in circulation.

It is interesting to observe that while Land Value Taxation has nothing to do with Free Trade, both of these have everything to do with the interests of the international financial system. The first because it forces the owner of real property to find money with which to pay taxes, most of which go to the creator of National Debt, *i.e.*, the banking system; and the second because the theory of Free Trade is that every country should produce that for which it is most naturally fitted, and would thus be forced to exchange it by means of Bills of Exchange controlled and taxed by the Banking System.

Prior to, and during Major Douglas's visit to New Zealand a well advertised attack on Social Credit was organised by the Land Values organisation accompanied by a defence of the financial system.

THAT IMPERIAL UNITY

Mr. Te Water, the South African High Commissioner in London, is dissatisfied with the share of Britain's trade secured by his countrymen. In an interview granted to reporters on his arrival at Cape Town, he made the following comments:—"Baldly stated, Great Britain is not buying sufficient of our products in return for the great purchases we are making from her manufacturers. It comes down simply to this. Some of our purchases made in Great Britain to-day will have to be made abroad unless Britain herself is able and prepared to level the trade balance between us."

This is but one more proof of the disruptive effect of "sound" financial principles upon Empire relations. Because the peoples of South Africa and Great Britain are increasingly unable to purchase all the goods they can produce, each country is forced to strive to export more than it imports, even at the cost, as in this case of endangering friendly relations.

By its very nature the financial system, tends to bring about in the modern world the very conditions least desired by those who control it—increasing tariff barriers to trade and increasing danger of war. As Major Douglas has said, the controllers of the system are like the drunkard who will do anything to avoid delirium tremens except give up drink; similarly, they will do anything to avoid hindrances to international trade, except change the system which causes them.

We do not, of course, suggest that in the case in question the two countries will go to war to settle their differences, but obviously Mr. Te Water's threat to British exporting industries is symptomatic of a fundamental and, if the system is not changed, a permanent cause of disunity within the Empire.

Following the report of this threat, comes the news that Herr Rausch of the German Wool Textile Association had

left for South Africa by air. He is to try to negotiate an agreement with the South African wool producers, whereby Germany is to increase her purchases of wool in return for an increased market for manufactured goods. Apparently the threat is beginning to work!

"NATIONAL SAFETY"

"To ensure safety you must be prepared to make some sacrifices in other directions."—Mr. Neville Chamberlain, Chancellor of the Exchequer, on October 12, referring to national defence.

Now, assuming that armaments *do* "ensure safety," we would ask why the nation must make sacrifices in order to get them. Even a Chancellor must have noticed the number of shipyards, steel firms and collieries closed down or working short time for lack of orders. Then why should it involve "sacrifice" to set them working full time again? Are we to assume that if the nation wants to avoid sacrifice the nation must cease to produce? This is the logical conclusion of the financial principles which the Chancellor of the Exchequer supports.

What he means, of course, is that if the nation wants armaments it must pay for them by further taxation. In other words, a government has to borrow the money, to pay for its own requirements, from the banks, who issue it without cost to themselves, while the nation regards itself as *in debt* for money raised on *its own credit*. The reason for the "sacrifice," therefore, is that the nation's credit is possessed and controlled by private banks. Under an economic system which bore any relation to sanity, a Chancellor's function would be to control and issue the nation's credit for the benefit, not for the debt, of the nation. He would then be able to issue, by a stroke of the pen and without a penny of sacrifice to anyone, whatever money was necessary for national expenditure. A nation's credit is its ability to provide goods and services. If the nation wanted guns and shells, the Government could issue, without cost, enough money to pay for all it needed up to the limit of the men, machinery and material available.

DISARMAMENT IS IRRELEVANT

Apropos of the above comments, we should observe that, as far as any practical means of abolishing war is concerned, there is little to choose between the people who demand more armaments, those who demand less, and those who demand none at all.

The Labour Party's decision to place the nation's forces at the disposal of the League of Nations, for use as part of a sort of international police force, is just an example of that woolly-headed "internationalism" by which the idealism of the last generation has signified its dotage. One can only ask: "In whose interests, and by whose laws, is the world to be kept at peace by methods of war?"

All the laws, of all the nations, legal, economic and ethical, are at present circumscribed by financial laws which, by enforcing poverty on all peoples, make international antagonism inevitable. While nations remain economic rivals, their armies must remain rival armies. While the financial system remains unchanged, the only possible function of an international army would be to suppress the revolts of starving peoples, in rotation, at the orders of an international financial dictatorship. To suggest military co-operation together with economic antagonism is ridiculous.

But to suggest disarmament while the economic cause of antagonism remains is, if anything, even sillier. Last week the "No More War Movement" passed another of its irrelevant resolutions demanding "disarmament by example." The cause of modern wars is the permanent shortage of purchasing power, which forces nations to compete with ever-increasing bitterness for the sale in foreign markets of their own unsaleable surpluses. If nations had no arms they would continue to fight each other with the weapon of starvation, and war would merely give place to violent revolution. While the "No More War Movement" continues its refusal to face these facts, it can only be regarded as a haven of refuge from reality.

THE MODERN MACHINE-BREAKERS

The scheme of the Federation of Master Cotton Spinners for putting 8,000,000 spindles out of action is a useful object lesson in orthodox economic procedure. It is the biggest move that has been made for some time in the suicidal

struggle of British industry to achieve its own extinction as a means of reviving trade.

A hundred years ago machinery-breaking was a capital crime. The people who did it had the excuse that it took away their livelihood. To-day, it is done, solemnly and ceremoniously by committees of prominent leaders of industry with the backing and commendation of Government and press.

The Times, as if to provide these acts of criminal destruction with their right names in terms of orthodox economic theory, faithfully reproduces all the correct clichés. The stupidity which can improve trade only by destruction is called a "broad and courageous outlook." An act of which the only purpose, if any, is to reduce costs for an insane competition for foreign markets at the expense of the home consumer will enable us "to face the future with renewed confidence." Destroying wealth to meet depleted buying power is "relating production to demand." Restricting the output of necessities in the face of the masses who are short of them is "reducing redundant productive capacity." And the obliteration of independent business by large combines is "encouraging further grouping of units." We need hardly add that the whole process of sabotage, the outcome of which is foredoomed to futility, is already hailed as "the expansion of trade."

The history of the cotton trade is a complete essay on the parasitic nature of "sound finance." After the war the banks financed the trade on a large scale for extensions to meet the "boom." The boom passed (as only Major Douglas prophesied) and the bulk of the trade found itself mortgaged to the banks. Yet the money "lent" by the banks was raised by them on the credit of the cotton industry—the credit created by the skill and enterprise of generations of Lancashire men.

So long as the nation is content to regard its own credit as a debt to a private banking system, industry will continue its suicidal career.

THEY ARE STILL AT IT

Those who make a study of folk-lore or are concerned with the preservation of ancient monuments, will be interested to note that some of the experts are still trying to settle the question of whether it is the duty of the people to spend or save. Hidden away, presumably, in some quiet backwater of life, remote from the stress and turmoil of this restless age, Sir Basil Blackett has just delivered himself of the fruit of his researches. This is his rich contribution to economic wisdom:

"Reconciliation of the apparent discrepancy between the duty of individual saving and public need for more active spending might be found, after all, in the simple truism that wise spending was always right, in the interest both of the individual and the nation."

There is only one possible way of promoting "wise" spending, and that is to create, issue and put into peoples' hands enough money to enable the community to buy as much of its own production as it wants. But Sir Basil does not mean that, as he stands for financial principles by which the nation is kept permanently short of purchasing power. To advocate the "wise" spending of money which is inadequate for the purchaser's needs is nonsense, anyway, and as Sir Basil himself probably does not know what he means, we need not try to interpret him. These "experts," who see all their ideas proving wrong one after another, have actually nothing to say, but being prominent men they have to keep making speeches. What is interesting about those speeches is that they always get reported, as though they meant something.

TOWARDS CIVIC LIBERTY.

Although the Government is compromising on the worst features of its Incitement to Disaffection Bill, its antagonists show little appreciation of the real danger to democracy. One dare not trust the safeguarding of democracy to any Party which takes no steps to remove economic enslavement, and the tendency of all Parties now is towards "National Planning" or other schemes for centralised control of industry. This is definitely an anti-democratic trend, and it is hard to see any essential difference between the schemes of Tory politicians and those of the Labour Party, sincere as the latter are in their advocacy of free citizenship. Centralised control of production means diminishing individual choice. Unaccompanied, as all these schemes are, by any means of increasing individual purchasing power, they must tend towards the greater standardisation

and regimentation of social life in all its aspects, leading to an increasing number of people being given "what is good for them."

The first step towards greater personal freedom is the increase of personal buying power. That is why the Social Credit Movement looks for reform not to the producing but to the consuming end of the economic system. Even the centralised control of credit would not alone be democratic, any more than the control of industry. But the National Dividend, by creating the economic (and consequently social) independence of the individual, would be a permanent corrective of all repressive tendencies, and control industry, not by bureaucratic centralisation, but by free choice of purchase.

It should be unnecessary to mention that the cause of "disaffection" is poverty, and that until the various Parties include in their programmes some means of increasing personal incomes, they will be forced, however democratic their intentions, towards increasingly repressive acts.

REGARDING MILK

The Government and the representatives of the dairy-farming industry continue *ad nauseam* their futile discussions of schemes by which the nation can increase its consumption of milk without any increase of money to pay for it. The only party who contributes anything useful to the controversy is the cow, who, like the producing section of society generally, continues to do her job with increasing efficiency, rewarded alternately by medals for record yields and complaints about over-production.

The *Daily Herald* demands "effective Consumers' representation." SOCIAL CREDIT demands effective Consumers' purchasing power.

THE B.B.C. AND "POVERTY IN PLENTY"

The series of broadcast discussions under this heading may prove useful in so far as they demonstrate the futility of orthodox economic theories.

Last week's discussion was entitled "Are Economists Any Use?" Mrs. Penn, leader of a Wireless Discussion Group in Warminster, played the part of questioner. She suggested that economic theories seemed to have little connection with the realities of everyday life. Referring to the increasing regulation of life by laws and orders, she asked, "Where did the economist come in?" and to what extent had the Government to accept his advice.

Mr. Graham Hutton, who is Assistant Editor of *The Economist*, in reply rightly blamed the Government for increasing regulation, but made no attempt to explain the reason for it, which is that, as every law and regulation has a financial origin and purpose, the Government has not a free hand, for it does not control the financial system. But he made one very illuminating remark: "It is difficult to fit the facts to these principles unless all other things—statistics, the precise experience of the nation or industry, the real facts of the workers' or other people's cases—are well and truly established."

This is a curious admission by an orthodox economist—that economics consists of stating a principle and trying to make the facts fit it. It certainly explains the lack of connection between economic theories and the experiences of every day life. He went on to admit that the economist must accept some "limitation of his diagnosis . . . he can't unlead a foreign loan, or undo labour put into surplus goods, or de-manufacture surplus machinery."

One could not desire a fuller confession of the uselessness of orthodox theories. It does not seem to occur to Mr. Hutton that *sane* economic principles would not contemplate the un-making of "surplus" goods and machinery, but would be concerned solely with giving the people the means of purchasing those goods.

Mrs. Penn, as the enquirer, seemed to be mainly concerned with the need for economists to present their theories in simpler language. We suggest that so long as orthodox theories bear so little relation to realities, it matters little whether their jargon can be understood or not. The economic facts of to-day are clear to any intelligent person: there is enough and to spare of the necessities of life for everyone, but people have not enough money to buy them, although money itself is costless.

If orthodox economists had any idea of how to provide that missing purchasing power, they would say so clearly. But they have not. They even deny that it is missing. That is why they are hard to understand—because they talk nonsense.

AN UNSCIENTIFIC SYSTEM

by DARAN.

LET it first be repeated; that the industrial system of any one nation is, by the strictest interpretation of finance-accounting, one economic unit. The deficiency of purchasing-power already explained is caused by defective accounting within one unit, one closed national circuit of finance-accounting. It is concealed by the multiplicity of transactions, by manifold concurrent processes of production,—and by the inspired jargon of the money-system.

Indeed, McLeod's "Theory of Banking" contains the statement that a debt is a valuable product, created out of absolutely nothing by the mere fiat of the human will; and it is in fact an assumption that money "grows" by the mere writing of figures into a ledger. But one more example may be added to the conclusive analysis already summarised, showing the practical absurdity of this assumption.

This is the question of profits: the "net profits" of individual firms contained in the national economic unit with which we are dealing. A nation's industries contain three principal divisions; the prime or extractive industries such as mining and agriculture; the manufacturing, dealing with raw materials thus supplied; and the distributive, or retail trades.

Now the only market for the goods passing through these stages is the effective demand of money, which, as we have seen, must first be issued by the national unit as wages, salaries, and dividends. (Foreign trade is dealt with below). All effective demand is included in the cost of goods produced. The accounting procedure is clearly defined, and may be easily understood.

Industry is Financed by Debt.

The extractive industries are financed by debt; either by bank loans, or by invested savings that have already been included in the cost of goods previously produced. *The goods produced must therefore be priced so that the debt may be repaid.* If it be assumed, quite reasonably that the normal method of charging capital redemption over a term of years is condensed into one cycle of production (the effect being the same), then the extractive industries complete their production, charge the full debt as cost of production, and sell their goods to the manufacturers. But they add, say ten per cent. profit.

Thus the first stage of production costs, say, £100, and is sold for £110. The manufacturing industries pay this amount to the prime producers, who repay their loan, and are assumed to have £10 of "money." The manufacturers, in turn, expend say £190 in addition to the £110 cost of raw materials, their total cost of £300 again being financed by loan capital, as before. They add, again, say ten per cent. profit and recover £330 from the distributor, repaying their loan and presumably have £30 of surplus "money."

Costs that Cannot be Recovered.

In the final stage, the distribution costs may be assumed to be £70; so that the distributor is financed to the extent of £400, out of which he pays out £330. He in turn adds an assumed profit of ten per cent., and the final or selling cost of the goods offered for sale is £440. He seeks to recover this by selling the goods to consumers, *who are the community of producers.*

Now that is obviously a ridiculous conclusion to the productive process. It is a usual thing for critics of Social Credit to state that costs must be issued to consumers as money at some stage of production. Even admitting the full extent of this obvious fallacy, here is the example, in strict accord with accounting practice, in which the gross production cost is £370, and the balance of £70 is an arbitrary addition to cost. And since all purchasing-power must first be issued as part of cost, there is a fictitious deficiency created that is the real cause of world scarcity and economic chaos.

Poverty is the logical conclusion of defective arithmetic in cost-accounting and price-fixing.

"Favourable Balance" Means Economic War.

This is the actual, immediate fact in every national circuit of finance-economics. If it were possible to meet the deficiency in one nation by selling goods, unsaleable at home, in a foreign country, then obviously the buying

nation would have its internal deficiency increased, and the selling country would have a *financial* balance by the sacrifice of real wealth. But such a balance is impossible, and the attempt to attain it is economic war. Foreign trade is actually and logically an exchange of goods, and the exchange of goods bearing equal financial values or prices leaves the internal position of each nation quite unaffected. Let it be repeated; attempted variation of this balance to gain a "favourable" balance is economic war, leading inevitably to the spectacle of civilised nations attempting to correct their defective mathematics by armed conflict.

How, then, does the system continue to work at all? Obviously, by the production of goods that will be "consumed" only in the course of time. If a great highway, a great building, or any electrical or water-power or other scheme of public utility, is created, it will be "consumed" over a long term of years. And its costs will also be recovered over a long term of years, by taxation or municipal rates charged into future prices. In National and Local loans, the term varies from five to sixty years. Also, the building of capital assets such as factories and permanent plant, by joint-stock finance, has the same effect. The loan capital of joint-stock companies is in fact normally irredeemable during the company's existence except by sale and transfer to some other investor.

Therefore, the purchasing-power issued in respect of all Capital production, permanent or semi-permanent works, becomes available immediately to meet the prices of consumable goods, *into which are charged the costs of all Capital goods produced in the past.* Reasonably, present production of Capital goods may be called "future production"—goods to be used in future years. The future pays for the past. Future production pays for present consumption, and present consumption pays for past production.

Continual Alternation of Boom and Slump.

So far from being a scientific system comparable, say, to the strict mechanic of a Rolls-Royce aero engine, this is a system of hopeless chaos as at present operated. It proceeds by the alternation of boom and slump caused by the impact of the Quantity Law upon the money-system. Allied to the work-complex, it will lead to a state as the apparent end of civilization when, having one factory for each (unemployed) worker, and one very beautiful bank at each street-corner, we shall be forced to create "capital works" even to the extent of digging holes and filling them up again, so that purchasing-power in the form of "bank" or "credit" or "representative" money may still be issued to bridge the mathematical and increasing deficiency.

And in any case, can it be said in any sense that the present system does work, in face of the misery and degradation it imposes upon citizens of the world to-day?

Completing this part of the Social Credit analysis, the next article will state the exact terms of the A + B theorem of Major Douglas, which, by relation to the explanations given, is seen to be a statement of fundamental truth, strictly accurate in structure and implication, and devoid of obscurity for those equipped to understand its terms.

Correspondence

FOR SPARKBROOK, BIRMINGHAM.

TO THE EDITOR OF SOCIAL CREDIT.

The undersigned would be glad to hear from anyone in the Sparkbrook Parliamentary division of Birmingham (Sparkbrook and Balsall Heath wards) who would be willing to join an initiative to set going a campaign for National Dividend under the auspices of the League to Abolish Poverty.

Professional and business men whose names would be already known to some few of the electors are specially desired; not necessarily to attend meetings.

Yours faithfully,

(Rev.) Cyril A. Brown, 22, Tennyson Road, Birmingham, 10.

(Rev.) F. H. Drinkwater, 763, Coventry Road, Birmingham, 10.

8 October, 1934.

The Case for the National Dividend

III.

In this series our contributor deals with the ways in which the National Dividend would affect the various aspects of social life.

Imprisonment for Debt

There is, I believe, sitting at the moment, a committee, appointed by the Government, to consider the plight and the problem of the largest class of prison inmates. These are not desperate ruffians whose-out-of-prison occupation is the blowing of safes, nor people who career along the highway to the damage of His Majesty's subjects. They are debtors, and generally debtors for smallish sums.

Many readers have read Charles Dickens's descriptions of the horrible debtors' gaols of ninety years ago and fancied that gaoling for debt was a thing of the past. Technically, I fancy it is, the reality being veiled under the pretence that the man or woman who fails to pay a small debt when ordered to do so by a Court, commits a contempt of that Court and must purge the offence. Luther said; "If you sin, sin bravely," and the Law says; "If you owe, owe a lot, for then, having got your debts above £50, you can go bankrupt." The thousands of debtor prisoners therefore owe small sums.

They get into gaol (a) because they fail to pay sums judged against them in various sorts of cases in the County (civil) Courts; or (b) for not paying the sums they are ordered to pay their wives and families as maintenance, when a Police Court has granted the wife a separation order; or (c) for not paying sums to support an illegitimate child (affiliation order). I understand that where alimony to the former wife is ordered to be paid by the Divorce Court, it is rather hard to enforce payment or penalties for non-payment, but if the poor person breaks a maintenance or affiliation order, he is very likely to go to gaol.

Sending such an one to gaol is a curious proceeding, for at one and the same time it wipes off the arrears of debt not paid, it gives nothing to the person to whom the money is owed, it charges the taxpayer with the support of the debtor while he is in prison, and stops him from earning anything to prevent further arrears accumulating. It is fairly notorious that much thought has so far failed to suggest a sensible alternative to this monument of futility.

The National Dividend, however, offers such a way out. For, let alone that a large number of the cases before the

Courts are solely due to the poverty of the defendants and would not occur if they were prosperous, those people who deliberately defied Court orders would have property, to wit, their dividends, which could be distrained upon. Their creditors would be benefitted, the taxpayers saved expense, and they themselves kept out of gaol. The present scheme of greatest damage and least good would be replaced by one of least damage and greatest good.

The Agitator

From the unemployed of all classes, tramp, criminal, and debtor, let us turn to the more thrilling figure of the "agitator." That class of Conservative which imagines that nobody can be patriotic but itself is wont to ascribe every complaint about the shortcomings of our social life to "agitators" who "agitate" either out of the pure wickedness of their own hearts or because they have been bought by gold from Moscow. There is a small amount of fire behind all smoke. True enough that the vast majority of alleged agitators (and incidentally all Social Creditors are agitators, though with a difference), raise their complaints because they object—and rightly—to the conditions they and their families and friends have to put up with, there remains a residue who agitate because they make a living out of it, and another residue which is made up of temperamental grouchers and people who "project" their personal discords on the rest of society.

What effect will a National Dividend have on these people? Its effect on poverty and economic insecurity increasingly removes the ground for the agitation of the vast majority of humanitarians and idealists and people who fail to see why humanity should continue in wretchedness. The professional agitator finds his occupation gone, because his subject matter, poverty, is gone, and his personal vested interest has also gone because he too has the dividend as the foundation of his income. The natural-born "sealawyer" and the malcontent loses this particular object for his projections, and ceases to be able to irritate citizens whose chief characteristic is satisfaction with moderate well-being. It would be a bootless task to convince a crowd of well-fed, well-clothed, well-housed, and self-respecting partners in Great Britain, Ltd., that they *were* proletarians and *ought to be* class-conscious revolutionaries.

(To be continued)

HILDERIC COUSENS.

TO CERTAIN HUMANITARIANS

The plea is frequently made by sincere and humanitarian people that knowledge of birth control should be given to poor women, so that they may not bring unwanted children into homes where there is not enough to feed those already there.

Such knowledge should not be withheld, they say, if it is used for "good moral reasons."

Some of us, however, may consider that in a country glutted with goods there are very "good moral reasons" why it would be more fitting that the good nourishing food which would make it safe for women to have children and rear them should not be withheld.

But instead of using their influence to insist that this wealth is adequately distributed, these people offer us the extraordinary argument that, as there cannot be healthy families without good food, sufficient clothing and adequate housing, the remedy is to abolish the families. The slogan is not to be "Eat more Food" but "Bear fewer Babies."

Poor women must not risk bringing "unwanted" children into the world, we are told. The question arises—unwanted by whom? By their parents or by the Money Monopoly? Be it noted, they are not to refrain from having children because they are suffering from any defects which would render parenthood inadvisable, but simply because their money incomes are totally insufficient to buy enough of the goods deteriorating in shops and rotting in warehouses.

Their forbears were so industrious and ingenious, that they made discoveries and perfected inventions culminating in modern high-power machinery capable of producing a practically limitless stream of wealth with very little human effort.

We offer to all the well-meaning people we have referred to the following alternative argument:

"A National Dividend would reduce both material and infantile mortality by ensuring the distribution of those enormous stocks of goods which at present are falsely called 'surplus' and destroyed."

Many good people, we know, suffer from the nightmare that if poverty were removed, people would have such enormous families that the earth would soon be seriously overcrowded.

It is, I believe, a physiological fact that poverty and malnutrition favour breeding, whereas a high degree of comfort and plentiful food diminishes fertility, so that one or two children per family is the rule.

One would expect humanitarians to be more horrified at the idea of tampering with human nature than of "tampering with the currency,"—which is what orthodox economists call any attempts to make money reflect physical facts.

D. BEAMISH.

The management of the Netherlands State Railway announce that they will be making a 3 per cent. reduction in wages as from January 1 next.

In other words, the Dutch railways have to cut down running costs in order to meet the shortage of purchasing power in the hands of the people who wish to travel. There is no shortage of rails, carriages, engines or passengers. There is only a shortage of money. And money is, of course, much harder to make than a locomotive. It is even harder to make than an engine-driver, who is simply born in the usual way.

DOUGLAS SOCIAL CREDIT

A SIMPLE OUTLINE by R. S. J. Rands

There is Potential Plenty

(a) Wealth is being destroyed, *e.g.*, wheat and coffee burnt; cattle slaughtered; fish thrown back into the sea; milk poured away, cotton, wheat, rubber, etc., restricted.

(b) Millions, capable of producing wealth, are unemployed.

(c) Many machines and factories are running at under fifty per cent. capacity.

(d) More machines could be made to create still further wealth.

There is actual Poverty leading to wars and dictatorships.

(a) Millions are unemployed and millions are dependent on charity.

(b) Malnutrition is officially reported in many cities.

(c) Slums and overcrowding are the disgrace of the age.

(d) Bankruptcies average about eighty a week, and suicides about one hundred a week.

(e) Most individuals, businesses, municipalities and governments are getting deeper into debt.

(f) The attempt to sell abroad what cannot be sold at home leads to the economic struggle for markets, and this struggle leads to war.

(g) Governments are always compelled to economise on the plea of a lack of money, and their apparent incompetence leads to dictatorships.

To Bridge the Gap Between Poverty and Plenty We Need increased Incomes Without Increased Prices

Those in employment have not enough in wages or salaries to enable them to buy what can obviously be produced; for the incomes paid out by industry are not sufficient to buy its own products. Those out of employment, due to the increasing use of machinery, are even less able to buy what is produced by the machines which displace them.

To increase wages and salaries would merely increase the prices of goods and leave us still short of the necessary incomes.

To redistribute present incomes on a more equal basis would relieve many of terrible poverty, but would leave us all with a miserably low standard of living.

To lower prices would, more often than not, result in lower wages, or in a saving of wages by the use of machines, and thus lower prices would, in the main, be accompanied by less purchasing power.

To decrease hours of labour without reducing wages may at first put more people into work but must eventually put more employers into the bankruptcy court.

To increase foreign trade on any large scale is getting almost impossible owing to the tendency of all nations to supply more of their own needs; in addition, the home market tends to suffer from the inflow of imports which pay for increased exports.

Thus we need more money apart from what we earn. The necessary money can be created.

What is Money?

Money is a kind of ticket, and costs very little to create. It is wrong to assume that there must be a limited amount of money.

Most of our money is credit (cheque money). Bank deposits amount to over £2,000 millions but only about £500 millions of our money is in notes and coin.

Banks actually create money by lending far more than the cash they hold, because most business is done by writing cheques. On an average, only about £100 in every £1,000 of deposits is required in cash. Thus, with a reserve of £100 in cash, the banks find that they can safely grant a credit of about £1,000, that is, they enter in their ledgers figures which function as money. No bank could remain solvent if all depositors attempted to take their deposits out in cash; in other words, the bulk of the money is based on credit or faith.

If banks can create money by writing figures in a book, the nation can do so. When the Treasury authorised

Treasury Notes as money, we all used Treasury Notes. There was faith in the new money. If the Treasury authorised Money Orders to be paid to us through the Post Office, we should just as readily accept them. Like the Banker's Loan (mere book work), such Money Orders would be credit.

The security for the National Credit is the Nation's capacity to produce and deliver wealth. Goods are more important than gold. Too many people still imagine that there is a backing of solid gold behind our money system, whereas in actual fact, there are not £200 millions in gold behind our £2,000 millions of deposits.

THE SOCIAL CREDIT METHODS

These, which would increase incomes and avoid inflation, come under three headings:—(a) National Credit Office; (b) National Discount; (c) National Dividend.

(a) National Credit Office

A body of statistical experts would be appointed to find out the total financial cost of wealth produced and consumed (say, every six months). We have seen that Production is greater than Consumption and the surplus of Production over Consumption would indicate to them the amount of extra money required by consumers to enable them to buy the total Production.

Taking token figures, if production equalled £500 and Consumption equalled £300, then the consumers would require £200 to make Consumption equal Production. The National Credit Office, would create the necessary "Consumer" credit of £200 (arrived at by Trade Return statistics, etc.), and would distribute it to the community, partly in the form of a Discount and partly in the form of a Dividend.

(b) National Discount

The whole of the required £200 could be created as a credit by the National Credit Office and distributed to consumers in the form of a Discount on purchases from retailers. By this method the whole of the necessary increase of purchasing power would be achieved with a fall in prices.

As the consumers had only £300 to buy the £500 worth of goods produced, they were short of £200 in every £500 worth of prices, *i.e.*, short of £2 in every £5 of production, or 8s. in every £1.

A discount of two-fifths, or forty per cent., off £500 would enable the extra £200 worth of production to be purchased.

Retailers would be credited by their banks with this forty per cent. discount on every voucher of sale. The banks in turn would receive an equivalent amount from the National Credit Office, which would create fresh credit for the purpose.

Thus the price at which retail goods would be sold would vary according to the relation of consumption to production.

For example, if consumption were £500 and production increased to £1,000, then the consumers would require £500 help in every £1,000 of wealth produced. In other words, they would need £5 in every £10, which would mean a discount of fifty per cent., for if there is only £5 to buy £10 worth of goods, obviously the goods can only be bought if the prices are reduced by fifty per cent.

The Discount, though paid to retailers, would greatly benefit consumers, as they would be able to buy more goods. Retailers would get their full price, *i.e.* (in the case of the latter example) fifty per cent. from the consumers and fifty per cent. from the National Credit, and would benefit indirectly from the larger turnover.

(c) National Dividend

As machinery increasingly displaces labour, something more is needed besides a discount, which is of little use to anyone without an income. Therefore, instead of allotting the whole of the new consumer credit as a discount, part would be distributed as a National Dividend.

This could be paid to every man, woman and child through the Post Office, whether or not they happened to be entitled to a wage or salary from employment, and at first would probably amount to at least 30/- per head a

(Continued on page 115)

*This article can be obtained in leaflet form from the offices of SOCIAL CREDIT. 1½d. each or 5s. per 100 post free.

An Open Letter to Teachers

Dear Colleagues,

All our educational difficulties centre in Finance. We lack schools, apparatus, playing fields. We want smaller classes, a longer school life, a keener interest on the part of scholars and their parents.

But we have the material to build schools, to supply equipment, to make playing fields. We have thousands of teachers unemployed. The only thing we lack is the money to bring our buildings up-to-date, to employ men to build new ones, and to supply harassed parents, anxiously waiting till Tommy can leave school and earn five bob a week as an errand boy, and Jenny can leave to go into service, with an income which will prevent their dependence upon child labour.

Education is often called the Cinderella of the professions. It is more like the Ugly Sister. Upon it the axe falls first and most heavily to make the educational programme fit the financial slipper. Every citizen of this country, rankling under rates and taxes, sees in Education a burden he is forced unwillingly to bear. From his diminished income, he pays to keep going schools and teachers. He hates to do it.

The Post Office appears in the National Accounts as both a liability and an asset, and the asset is greater. But Education appears in the National Budget only as a Liability. The ordinary citizen sees no assets. Yet they are there. We teachers have the greatest task in the world. We are the co-ordinators of civilisation. We spin the thread of continuity which binds the past, through the present, to the future. We hand on the culture of the dead ages, and from our training and skill, as educators, the Community is reaping the harvest of a fuller and richer civilisation.

Social Credit would put the finance of Education upon a sane basis. Here we have a world in which our ability to produce goods is unlimited. That ability is our cultural inheritance, due to the efforts of the educationists of all time. The National Dividend issued against this, would suffice to meet the whole of our present educational expen-

diture, and more, by a creation of credit which would cost the citizen nothing. That part of the National Dividend which went to the consumer would remove the horrible anxiety of working-class parents to see their children earning.

Social Credit would prevent waste of human intelligence and life. In 1930 there were 91,850 children who left school to proceed to places of higher education. But 454,262 children left school, to seek work, at the age of fourteen. Of that number the vast majority could benefit by higher education, but the lack of buildings and the poverty of their parents prevented it. Under Social Credit we could erect the new secondary and technical schools we so urgently need to give those half million outcasts a chance to develop.

We could find out the capabilities of the child and train him for the work he was fitted to do, instead of pitchforking him into an unsuitable occupation which he hated.

A short time ago a boy, fourteen and a half years of age, whom I used to teach, was crushed to death under horrible circumstances in the blackness of a coal mine. That boy was a born engineer. He had inventive genius. Under the sympathetic guidance of a colleague he had developed in an astounding way. He made numerous electrical models from pieces of wire and old metal. He gloried in it. He hated pit-work; but in a colliery village he had no chance to develop his genius. Had he lived he would have carried our cultural inheritance a step further. But he is dead, because of an insane money system, which denies us the right to give to humanity the gifts with which we are endowed.

As teachers we have a duty to the Community which employs us. It is to help the world to realise its manhood. The financial system, like Peter Pan, refuses to grow up. We teachers must take part in the war to end Poverty in the midst of Plenty.

Social Credit is the Way.

What are you going to do about it?

Yours faithfully,

FRED TAIT.

DOUGLAS SOCIAL CREDIT *cont. from page 114.*

week. Thus freedom and economic security would be assured to all.

The total amount of the discount and Dividend added together would be dependent on the surplus of production over consumption.

The larger the discount the smaller would be the amount of dividend to be paid, and it would be a matter of policy to decide what proportion should be allotted to discount and what proportion to dividend. To refer again to our previous example, when surplus was found to be £200, if £100, were distributed as dividend, then there would be only £100 required for discount instead of £200. Under these circumstances the discount would be one-fifth or twenty per cent., instead of two-fifths or forty per cent., as the people would now have £300 (wages, etc.) plus £100 (National Dividend) for every £500 of production, *i.e.*, they would now be only £1 short in every £5, or 4s. in every £1 of production.

The National Credit office would supply the missing £200 without taxing or borrowing and in such a way that part of the increase of purchasing power would be achieved by a fall in prices (Discount £100) and part by an increase of cash (Dividend £100). This is the reverse of inflation, which means a rise in prices. The £200 would not be an arbitrary creation of money at the whim of politicians or financiers, but would be based on ascertained statistics showing the amount of money needed by the consumer to purchase the nation's production.

Conclusion

It must be emphasised:—

- (1) That there is potential plenty and actual poverty.
- (2) That money should be merely a means of distributing the plenty, so that poverty can be abolished and wars and dictatorships avoided.

That, as machinery increasingly displaces labour, purchasing power should be decreasingly dependent on employment.

- (4) That it is possible to create money up to any required amount and yet avoid inflation.

THE SECOND FALL

There has been no uglier superstition than the work superstition, and no sillier one.

To fall down and worship the god hidden in a tree; here is some poetry, and, despite the fear in it, some truth. But to worship the inanity of needless labour—what will future generations write of this miserable idolatry? Would a savage evolve an idea so futile? Would a child—nay, would even the village idiot? The civilised man alone can accomplish this.

One can think of man as being in a three-fold relationship. His feet are set upon the earth; his heart goes out to his fellowmen, his thoughts are nearest Heaven, for the mind functions in the brain. Though these relationships are in reality interpenetrated by one another, it is useful to think of them separately. Looking downward a man sees the good earth which yields him food in all its abundance. Looking along his own level he sees his fellow man whom he must know before he can know God. Looking upward he aspires to what is beyond, but he cannot do this rightly unless his feet are planted firmly on the good soil.

To scorn the earth is to loosen one's stand, it is to fall. One is no longer upright, one thinks of one's fellows as if they towered above one—they become distorted—objects of fear. And no man can begin to conceive of God while he rejects the earth and her superabundant gifts. This, then is blasphemy, it is the latest and most ignoble of all superstitions, and the punishment for this fall is not the curse of work, but the curse of the work-idea and all the misery that it brings.

DOROTHY DUDLEY SHORT.

Mr. Sanford Evans, in his Presidential Address to the Canadian Chamber of Commerce at Winnipeg, declared that the present economic system was not to blame for the depression, which was the result of excessive economic nationalism.

In other words, the failure of people who couldn't afford to buy their own product to force it on foreigners who couldn't afford it either.

THE TRADER CONFRONTS SOCIAL CREDIT

“The National Dividend will Reinstale the Unemployed Shopper”

FROM the trader's point of view and indeed from any other sane angle of observation, there is only one unemployment problem that matters. That is the problem of the unemployed shopper.

It is an artificial problem, and it is called poverty. Poverty one side of the counter is called trade depression on the other. Trade depression is simply the outward sign of a widely diffused inability to buy.

The economic system is a flexible mechanism, which, if unhindered, could be neatly responsive to environmental change, and would evolve perhaps slowly, but quite surely towards its final purpose of allowing people to live in free association, with an ideal of mutual aid and material security. But to achieve that end it must be a system of making and buying, making and buying, in a perfect reciprocal cycle. Restriction of production defeats its purpose; restriction of distribution clogs its powers. All economic development is completed by acts of sale, and by nothing else, because the purpose of production is consumption. We make in order that we can buy. Even capital development subserves the ultimate purpose of creating, carrying, and making available for consumption the great diversity of goods and services possible in a scientific, industrial civilisation. If the final acts of sale are anywhere hindered, the economic system becomes inefficient, for it is failing in its culminating purpose. Retail trade is the concentrated end of all economic activity.

Buying, as we all know, is a conventional system for achieving distribution, by which stamped or printed claims upon goods are exchanged for the goods themselves. Shops are convenient display centres for localising and indexing the range of commodities on offer, in suitable groups for exhibition and choice. So that, where need exists, all that is necessary for its satisfaction is a glance at the shop-window catalogue of the streets, and the simple process of rendering up general claims upon these goods called coins and notes in exchange for the goods themselves. The mechanism of sale is perfect. It is a splendid convention that should result in perfect freedom of choice. By using the denominations pounds, shillings, and pence, all goods are labelled with a description different from their trade names, so that the money tickets can be employed at will in the selection of goods to meet specific needs.

The Sole Purpose of Money

It is the sole purpose of money to provide this convenience. It has no real purpose whatever apart from its office as a title to goods. According to this device within the economic system, it is plain that demand-tickets or purchasing power at any given time should be an expression in terms of pounds, shillings, and pence of all the goods on offer at the same time. Retail commerce, in a word, is arranged on the assumption that demand tickets corresponding with the goods it handles are available for collection, and its part in economic activity is to collect such demand-tickets and issue goods in exchange. It would be obvious folly to put goods in the shop windows with price labels attached, if the corresponding demand-tickets were nowhere in existence. That could only result in dead stock, or waste, unless a means were devised of giving the goods away without the conventional surrender of demand-tickets in exchange.

Yet, what has been described as folly is precisely what is happening now. The reason is that there is no liaison between the industrial system which compiles price tickets, and the financial system which controls the issue of demand-tickets, or money. Money, instead of fulfilling its distributive function is itself the subject of a separate trade which depreciates its utility in commodity trading.

In order to be profitable to its maker, the banking system, money has to be unprofitable in the wider sphere of its utility, the economic system. It must have a scarcity value in order to have any value at all to those who control it. Its vital function under private control is therefore shifted from that of the smooth disposal of economic production to that of private profit or power. Because of this distorted objective of usury, goods are displayed in the shop windows for which no corresponding demand-tickets exist, and the results are bankruptcy through failure to sell, instalment buying which mulcts the financial future to serve present

need, and a whole train of evils which are but symptoms of inefficiency in distribution.

For lack of demand-tickets, wealth is destroyed and its production restricted. And goods are given away without the conventional rendering up of demand-tickets in exchange; for exportation to foreign markets to create a “favourable balance of trade” is merely a device for sending an excess of goods abroad over those received from abroad, not for payment, but in return for a bonded acknowledgement of debt, which is because it is interest-bearing in perpetuity is the natural quarry of the traders in interest, the Money Monopoly. This exchange for a debt is the only way of avoiding the display of overwhelming quantities of unpurchaseable goods in the shop windows.

Monetary Demand and Real Demand

The lesson of common observation, even if it were not supported by technical proof, is that the stream of goods labelled with their prices flows faster than the stream of demand-tickets called wages. Because the wages of the machines, the most prolific producers of a power industry, are not distributed, there is no balance between the two sides of the shop counters. Any trader knows that the productive system is capable of meeting any demand for supplies which he could put upon it. Production simply waits upon monetary demand. But any trader knows equally well that whilst human need around him is far from being satisfied, monetary demand is exhausted as far as the great majority of people are concerned. What is easily available cannot be bought. Chronic deficiency of purchasing power is the only cause of trade depression.

There is only one way out. That sublime conception, the National Dividend, which is the pinnacle of social ethics as well as the instrument of economic adjustment, which gives collective security without impinging on individual freedom, which is both the end of ages of human striving and the means of present salvation, must become the sole objective of a people loth to perish, until it is an accomplished fact.

For the National Dividend, the political instrument of the economic age of plenty, is the only possible cure for poverty before the counter and trade depression behind it. *The National Dividend will reinstate the unemployed shopper.*

CHARLES JONES.

It is the aim of the “Help your Neighbour” campaign now launched by the *Daily Express* to restore the buying habits of the people . . .

Funny, said the unemployed man, how one gets out of the habit of buying things.

“Remains of Bodies found in Bank of England”—Headline in *The Times*.

We trust that their souls have gone marching on, to a land flowing with milk and honey the supply of which is not cut down to meet the shortage of purchasing power resulting from sound financial principles. *Consumat in pace.*

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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.

Gateshead Douglas Social Credit Group

Oct. 23rd. 7.30 p.m.—At the Co-operative Hall, Whitehall Road.—Social Credit Proposals Explained. Speaker, J. E. Tuke, Esq., London. Reserved seats 6d. and 3d. (Limited number free).

Leeds Douglas Social Credit Society

A MASS MEETING arranged by the Leeds D. S. C. S. in co-operation with the Leeds Section of Green Shirts will be held on October 25th, at Belgrave Congregational Church, at 7.30 p.m., when Mr. A. L. Gibson will speak on, "What is Social Credit."

FURTHER MEETINGS :

Nov. 15th.—"Social Credit or World War." Speaker, Lady Clare Annesley.

Nov. 29.—"The Abolition of Poverty through Social Credit and the National Dividend." Speaker, Mr. R. Kenney.

Dec. 13th.—"Last Week's News." Speaker, the Rev. H. Edwards.

The London Social Credit Club

Blewcoat Room, Caxton Street, S.W.

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. All communications regarding tickets should be addressed to R. P. Pearson, 32 Crowland Avenue, Newcastle-on-Tyne.

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The literature inspired by the idea of Social Credit throughout the world is voluminous. It is our aim eventually to give the readers of SOCIAL CREDIT news of all publications in support of the Movement.

In the following short list of books and pamphlets necessarily incomplete, we have included only publications believed to be available in this country.

The following are the works of Major C. H. Douglas:—

Books:

Economic Democracy	6s. od.
<i>This book, the original statement of the philosophy and proposals of Major Douglas, is temporarily out of print. It will be re-issued shortly at 3s. 6d.</i>	
Credit Power and Democracy	7s. 6d.
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Social Credit (new edition)	3s. 6d.
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These Present Discontents: The Labour Party and Social Credit	1s. od.
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Real Wealth and Financial Poverty, by W. Adams	6s. od.
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The Douglas Manual, by Phillippe Mairat	5s. od.
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The Deadlock in Finance, by A. E. Powell ...	5s. od.
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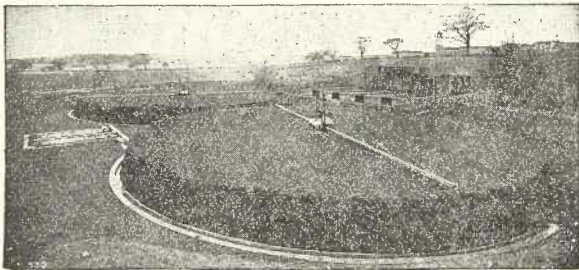
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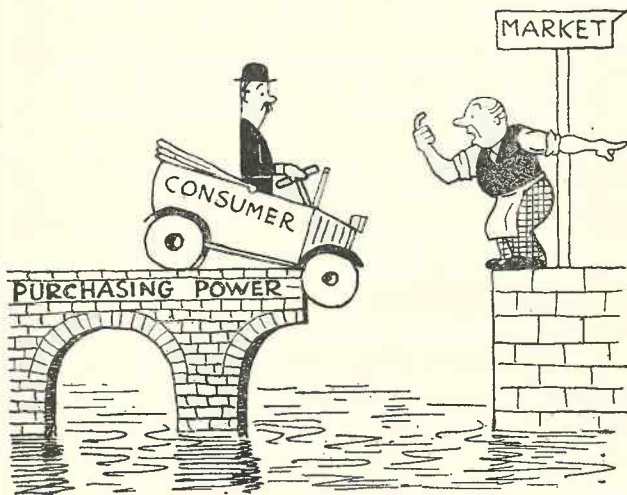
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PLANNING FOR PRODUCTION

I CANNOT at the moment recall what is the latest cure for diabetes, gout or influenza, but for a long time there has been only one cure for bad trade, and that is Planning for Production.

There can be no doubt about this being the genuine sure-fire cure, because all Parties advocate it—Labour, Tory, Liberal, Socialist, Communist, Fascist or what have you (If you don't see the Party you want in the window ask for it).

All the Parties are agreed that whatever else is done to cure bad trade, production must be scientifically planned, reorganised, decentralised, controlled, subsidised, rationalised, or otherwise straight-waistcoated and stood at attention. Evidently production has not been behaving itself lately. It has been running amok and pouring out things all over the place in a most untidy manner. The whole economic system is so cluttered up with food and manufactured goods that trade can't get anywhere.



Obviously the consumer is at fault. There is quite enough money.

Carping critics complain that what is wanted is planning for consumption, not for production. People keep coming into my office (The Society for the Suppression of Individual Choice) and saying that there is no need to monkey with the productive system because it delivers the goods as it is supposed to do, and that what is wanted is the planning of consumption so that people can buy them. I simply throw them down the steps.

To plan for consumption is not done. You will not find any responsible politician or economist having anything to do with the consumer, who is the one flaw in an otherwise perfect economic system.

Here and there one does find well-meaning but mistaken people taking the consumers' interest to heart, just as there are people who busy themselves with founding rest homes for tired mice, or starting an I Will Be King To Beetles campaign. But we need not take these cranks seriously.

It is one of the accepted theories of economics that the productive system automatically produces enough purchasing power to buy all the things it produces. It has been laid down as an axiom, probably somewhere in Genesis if you could only find it, that whenever any kind of goods are made or food grown, at the same time there comes into existence, somewhere and somehow, enough money for it to be bought.

I don't know how it does it, but it is a kind of miraculous twin-birth and nobody can understand it. Like all really important laws of sound economics, it is occult. All you can do is to accept it, and marvel at the wonders of the universe. Whenever a bicycle or a carpet-sweeper or a jew's harp or a motor-lorry or a pair of fire-proof spats or any other manufactured article leaves a factory, there can be heard, by those whose ears are in tune with the Infinite, the faint and far-off tinkling of tanners and fluttering of fivers as the new-born money falls gently as the dew and mingles unseen with the economic system, wherever that is. It's the same with food. Whenever a cow gets rid of a

pint of milk, or a turnip is torn from the soil, or the bung banged into a barrel of beer, at the same moment, mystically and marvellously, its price is added to the three P's, by which I mean the purchasing power of the people, known in algebra as P^3 .

That is why, as I say, none of the economists of whatever Party, Con or Sosh, Lib or Lab, Comm or Fash, Oxford or Cambridge, Soccer or Rugger, will have anything to do with schemes for encouraging consumption. All agree that whatever is wrong with trade, it must be the consumer's fault.

We know he must have money somewhere, because the productive system is busy turning it out all the time, but he won't use it. We give him a wide choice of methods of helping trade. First we tell him to save more, then we tell him to spend more, then we tell him both at once. But he takes no notice; he just goes on refusing to revive trade. It's my belief he eats his money. In any case the economists have quite rightly given the consumer up as a bad job, and from now on, whatever kind of government we get, it is going to concentrate on production and let the consumer go to the devil.

We've given him his chance, and as he won't take it we must simply let trade get on without him.

There is another reason for concentrating on production. It will enable us to keep the people in order.

There are people who, finding that the consumer will not or cannot buy more than a fraction of the goods that are produced, propose to give him more money. There is that scheme, for example, mentioned *ad nauseam* in the more remote and less respectable parts of this journal, known as the National Dividend.

I would not lower myself to look too closely at this preposterous scheme. I was captain of marbles at the School of Economics, and I know what is due to the old school tie. But I gather that it means giving the people enough money to buy all they want of whatever the productive system turns out. This would transform an orderly economic system into a mere riot. The people would be able to buy whatever they liked, which would mean the end of western civilisation every night, matinees on Saturdays.

If the people could buy what they liked they would be able to live how they liked. Now, I have made an ex-



We shall be a well-planned, well-fed and obedient nation.

haustive study of the masses, and can support my theories by a number of interesting lantern slides. And I tell you that the mass of the people are incapable of choosing their own way of life. They have no taste; they would buy the wrong things. To see them even now spending what little they have, is enough to give a man of refinement a pain in the pylorus.

The only way to preserve any sort of culture is to concentrate on Planned Production and let consumption by purchase die out altogether—which, judging by recent Conferences, is the aim of all the Parties.

By this means production will be adjusted to effective demand, that is, to such food, clothing as are thought fit by those who can think fitly, and we shall become a well-planned, well-fed and obedient nation.

Thus will Planned Production bring abundance and security into every home—without knocking.

YAFFLE.