Notes of the Week

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Boom and Slump.—By Norman Webb
Social Credit in Holland.—The Dean of Canterbury's Lecture Tour
The Case for the National Dividend. IV.—By Hilderic Cousens
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NOTES OF THE WEEK

THE GOLD STANDARD ILLUSION

The Gold Standard is again in the news. Representatives of the countries that are still on it have met in Brussels "in an effort to find a way of maintaining the welfare of their people and yet maintaining the current gold value of their money."

This wording is unusually frank, for it plainly suggests that the welfare of the people and the maintenance of the Gold Standard are two contrary, if not mutually hostile things—which in fact is true.

In this country, it will be remembered, before we went off the Gold Standard, the Press put up an intensive ballyhoo found that we should have to go off gold willy-nilly, whereupon the papers began to tell us that going off gold might be a good thing after all. And by the time the "catastrophe" occurred the public were reading that it had "saved the country."

But the time came when the men who were staging this ballyhoo found that we should have to go off gold willy-nilly, whereupon the papers began to tell us that going off gold might be a good thing after all. And by the time the "catastrophe" occurred the public were reading that it had "saved the country."

This obsessional with gold appears all the more ludicrous when we remember that though we are off gold we are still tied to it, and forces are at work to get us back on it.

The general public are shy of giving an opinion on the Gold Standard, regarding it as a subject only for experts. Yet ordinary intelligent people are quite capable of giving final opinions on these matters, for apart from the technical jargon that surrounds them, the principles on which they are based, as well as the effects of their working, can be judged by common sense.

You Might See Through the Pretence.

The reason why the money monopolists want our currency to be permanently regulated by the supply of gold is that their power rests upon it. If it were not for this pretence that gold is necessary, our money would have to be backed with something else, and the nation would see through the bluff and demand a rational system.

The world has for centuries been hypnotised into the belief that a certain yellow metal constitutes real wealth. That is the monstrous illusion which has been created in people's minds, and so long as it stays there the men who control gold can also control the world.

They can hypnotise nations into believing that, although they have an enormous abundance of goods, mountains of raw material and hundreds of idle factories, all waiting to be used, they cannot feed and clothe themselves decently because they have not enough of a metal whose legitimate use is in stopping teeth.

The whole legend is based on a false standard of values. Money based on gold cannot reflect a nation's real wealth. The real wealth of a nation lies in the nation's ability to deliver goods and services when and where they are required. To say that it depends on a yellow metal which is laboriously dug out of the ground only to be interred again in the vaults of banks, is nonsense, and can be recognised as nonsense by anyone who has no knowledge of financial or economic theories.

Money Should be Based on Real Wealth

The nation's money should be based, not upon gold or any other irrelevant substance, but upon that national wealth which it is the nation's money to produce.

Social Credit provides a means by which this can be done. By the issue of a National Dividend based on the credit of this national wealth, and a price regulating mechanism to prevent inflation, the permanent gap between total prices and total incomes which the present financial system makes inevitable would be filled. The increasing number of people whose earnings are being stopped by the displacement of human labour by machinery would have a permanent income, and all people, whether they earned or not, would be assured of economic independence—and all without a penny sacrifice by taxation.

If it is asked, "Where will the money come from?" we can reply, "Where does money come from now?"

If money can be issued by private bankers on the strength of their possession of a heap of metal, it can be issued by any Government on the credit of a nation fabulously rich in goods and services.
FREEDOM AND GENERAL SMUTS

Very probably, large numbers of people who recognise that General Smuts is closely identified with the interests of Banking and Finance are now considering it their proper place to address their congratulations to Lord Andrew's.

The idea is not, in fact, any contradiction involved in an attack upon governmental restrictions of liberty by an upholder of political freedom. Whatever we may call the demerits, and there are many, a powerful and efficient Empire is always a potent menace to the unchallenged hegemony of finance. The banker views the breaking up of feudal estates and advocates National disarmament and the substitution of a police force under the League of Nations, while at the same time building a Bank of England which is stronger than any castle of the Middle Ages and encouraging revolver practice amongst his employees. To split up into small and comparatively weak units the component parts of the British Empire, removes one danger from the path of the Bank of International Settlements, so long as they can be prevented by financial devices from effective co-ordination.

DIFFICULTY THE MAIN OBJECT

That General Smuts' exhortation to democratic action should draw the unqualified praise of a Times leading article, bears witness to its well-sounding emptiness. If says to the men who heard him, "to the men who hear him"—if he cannot say, in a few simple words, what it is that they must go and do, that only shows that this creative freedom is too fine a thing to be attained by slapdash haste, by crude and clumsy action.

This is so fine a piece of irony that it matters little whether it was intentional or not. There could be no kindlier way of describing empty platitude than to say that the words are all the more beautiful because their meaning can- not say what they mean. The Times concludes its praise of this exhortation to a task that was not explained, by adding, "the work is so well worth the doing because it is so difficult"—who wants, therefore, hard and difficult work when he finds in it the service of creative freedom, as uplifted by General Smuts? This variation of "work for work's sake, no matter what it's for," may be offered as the motto for a national economic policy, the only aim of which is to keep men employed, although they have the means of being ten times better off with only half the work.

ROOSEVELT AND THE BANKERS

Four thousand American bankers met in Washington this week to be addressed by President Roosevelt. The gathering of so many birds of that particular feather might suggest that the body-politic of the U.S.A. is shortly to become a century-old The Times is more hopeful. The bankers, it says, are hoping that since the President cannot hand over to Fascists or Socialists;" and that a "sense of the nation's credit will correct the economic system without handing over to Fascists or Socialists;" and that a "sense of the nation's credit without disturbing the broad outlines of the New Deal and thus inciting extreme radicalism." So the bankers are using the bogy of Fascism and Socialism to distract the administration from any possible tendency to take the control of the nation's credit out of the bankers' hands. They are getting nervous: As The Times says, "The average banker complains that a serious reduction in (his) earnings is undermining the banking system by "unfair employment of cheap government funds."

So might a burglar complain that an increase of the police-force "unfairly" undermines his trade. We are invited to pity the bankers if the government issues money instead of borrowing it from them. It is an admission that the chief source of the banks' revenue is derived from creating loans on the nation's credit and keeping the nation in debt. And it is a veiled threat that if the government interferes with their parasitic privileges they will sabotage the New Deal on the pretense that the administration is encouraging "extreme radicalism."

We may still hope that the President will meet the bankers by asserting their right to the nation's credit. If he does, every government in the world will be encouraged to make that gesture without which there can be no economic recovery.

EXPORTS ARE PARAMOUNT

The Federation of British Industries to the Far East, headed by Lord Barnby, is engaged in investigating the possibilities of British trade operating in the development of Manchukuo. As a result of conferences held with Japanese business men and bankers it is stated that improvement of British trade with Manchukuo will follow.

The significant feature of this Mission's activities, however, is the report of the Manchukuo News Service that if satisfactory trade arrangements are made, "substantial revision of the conclusions embodied in the Lytton Report may be expected."

This, quoted in The Times of October 16, may be regarded as "inspired." The Lytton Report was the result of Lord Lytton's investigations into the circumstances of Japan's alleged territorial demands upon Manchuria. Of Nations to denounce Japan as having violated the principles of the League. For this reason Great Britain has never officially recognised Manchuria.

But moral protests must give way before the needs of the export trade. We can ignore the Lytton Report, if necessary, endanger our friendly relations with other nations; we can withdraw and thus implicitly apologise for our condemnation of one of the most cruel and cold-blooded attacks ever made by a strong nation upon a weak one. But at all costs we must find a market in which to dump the surplus goods our own people want but cannot afford to buy. Let us be realistic.

CAUSES, LOST AND FOUND

Champions of lost causes get a great deal of sympathy, much of which is undeserved. If a cause is lost it is generally because nobody wants it. A universe in which the foolish waste of time to try and force it on the public. The people who need attention are those who champion Found Causes—which are put under their noses by interested persons who know the value of red herrings. There is a large assortment of these. Their value is that they find occupation for public-spirited people who wish to abolish poverty, and whose attentions might therefore prove discomforting to those whose interest it is to maintain the main source of social and economic progress.

Behold, then, Dr. Barnes, Bishop of Birmingham: Courageous, sympathetic, outspoken. Such men are dangerous—find him a cause! This one will do: "Bishop Hits Out At Landholders.—Dr. Barnes, Attack.—Soul Destroying Areas.—Plan for Better Cities."

The red herring is savoury with age, and Dr. Barnes follows it in full cry. Congestion is caused by the "anti-social holding of land in and around great cities." In the landlord's favour; though most of them are punished in turn when the banks foreclose and let newcomers have the property for a price.

So the Bishop would town-plan Birmingham and suburbs. The congestion should be relieved by selling whatever land it desired at the price last scheduled for death-dues (the Government having fixed those duties to help pay the bankers' National Debt). And the purchase money, Doctor? Oh—"Land so acquired would be paid for by land-bonds issued by the City, with Government guarantee."

Exactly. And as all bonds go the same way home, the community would be in debt to the bankers for its own land.

AND TALKING OF HERRINGS

The English and Scottish Herring Catchers' Association are still holding emergency meetings to deal with the crisis in their industry. This crisis is officially attributed to "chaos in a market menaced by loss of orders through the crisis in Anglo-German financial relations."

That, however, is only the description of the crisis in the quaint dialect of orthodox finance-economics. Viewed biologically, it may be more simply and exactly described as a crisis caused by the fact that the female herring produces as a veiled threat that if the government interferes with their parasitic privileges they will sabotage the New Deal on the pretense that the administration is encouraging "extreme radicalism." So might a burglar complain that an increase of the police-force "unfairly" undermines his trade. We are invited to pity the bankers if the government issues money instead of borrowing it from them. It is an admission that the chief source of the banks' revenue is derived from creating loans on the nation's credit and keeping the nation in debt. And it is a veiled threat that if the government interferes with their parasitic privileges they will sabotage the New Deal on the pretense that the administration is encouraging "extreme radicalism." We may still hope that the President will meet the bankers by asserting their right to the nation's credit. If he does, every government in the world will be encouraged to make that gesture without which there can be no economic recovery.

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October 26, 1934

THE TIME FACTOR

The Judge in a recent forged banknote case, said that he would take into consideration the youth of the prisoner and the fact there was no evidence of any money being in circulation; but as a deterrent to others the accused must go to penal servitude for three years.

We gather from this that three years is a short time for people who misbehave in the matter of currency. This youth's offence was comparatively slight, but unpardonable. Apparently he attempted to inflate the currency without raising prices—a serious violation of orthodox purchasing power.

Remembering that these false notes are now in circulation and that the forgers have not youth as an excuse, give your answer to the nearest hundred years.

SCOTT AND BLACK

We offer our very hearty congratulations to Alderman H. Milner Black, President of the Brighton and Hove Social Credit Association, and former Mayor of Brighton. Upon the triumphant achievement of his son, T. Campbell Black, who with C. W. A. Scott, was the first to reach Australia in the air race this week.

It is fitting that the son of a well-known Social Crediter should have thus assisted in establishing another precedent for speedy communication between Britain and Australia.

The best reason we can imagine for lessening the distance between the two countries, is that Social Crediters in this country shall be in closer touch with those of their admirable fellow propagandists who are making Social Credit history on the other side of the world. At present the distance is far too great.

May the record speed of Scott and Black soon be transmitted to postal transport!

A WASTE OF GOOD VOTES

The fact of the municipal elections is upon us, in which rival parties will canvass for the privilege of starving their localities of money. One is treated at this time of the year to the astonishing spectacle of earnest, public-spirited men telling the inhabitants of areas which need many millions spent on them that they are decently habitable if they are elected they will spend as little as possible.

The Labour Party has the better appearance of sense, for it does at least promise to spend what it can get. But the effect is much the same in either case. The advocates of Municipal Reform (which means reforming the Municipality as little as it can) are largely justified in their assertion than increased expenditure by their opponents resulted, and the exercise of that control for purposes remote from the welfare of the people, was done too quietly to disturb him.

What Orthodox Theory Ignores

He has not seen the cycles of money issued and recalled through successive processes, the final stages of which remain as debt, for immediate cancellation out of the price of any article sold to-day. He has not enquired whether the £100 of prices has in fact £100 purchasing power ready to meet it. He ignores the fact that in final products the costs of all the intermediate products themselves have not pursued even in his own theory far enough to recognise that those intermediate products themselves have needed, for their own purchase, all the money distributed in respect of goods purchased.

Peacefully slumbering, he has not seen the exhaustion of savings and their supersession by bank-created debt as the common source of money spent on production to-day.

The passing of industry into financial control which has resulted, and the exercise of that control for purposes remote from the welfare of the people, was done too quietly to disturb him.

DO NOT READ THIS

Modesty forbids us to call attention to ourselves, but it can hardly escape the attention of observant readers that this journal has grown four pages larger since last week. Such sudden growth, due to careful nourishment, is often due to the onset of the offputting of healthy parents. Recent press photographs show that the tiger cubs at Whipsnade, born about the same time, did the same thing. Fluctuations in cubic content are unavoidable in young children, who would grow up, the growth process very casually remark that if the same judicious diet is maintained there is no reason why the present satisfactory size should not remain to change only to still larger dimensions
SUPERFICIALLY it might appear that the spectacle provided by the appearance of a monetary heretic skittering his views before the Marshall Society of Cambridge is one which would be bound to gratify all those people who place courage amongst the highest of the virtues. But I have a sufficient recollection of the years spent within the sound of Great St. Mary's, and of the atmosphere which accompanies the denial of the right to play marbles upon the Senate House steps, to recall that it is possible, easy, and safe, to say almost anything upon any subject within the precincts of this University, provided that it is put forward as a personal opinion, and not as bearing any special authority.

So I will proceed at once to make my position quite clear. I am not an economist. For a considerable proportion of my working life I have induced people to part with modesty, and from my point of view inadequate sums of money, which, nevertheless, I found useful, by persuading them to entrust me with various engineering undertakings. So that really my reply, "No thank you, we make it." Nevertheless, I found useful, by persuading them to entrust me with various engineering undertakings. So that really my reply, "No thank you, we make it."

Claiming, therefore, the privileges of the economically irresponsible, I should like to suggest that, looked at from the point of view of the engineer, an economist is a man who spends a great deal of time in explaining why facts do not confirm theories. And I have no doubt that an economist would retort that engineers are people who spend a good deal of time in producing constructions which no one respecting economic theory can reasonably be asked to fit. Now while both the engineer and the economist in taking up such an attitude may be over-stressing their position, I believe that the difference of position that we can find the root of a good deal of the trouble in which the world stands at the present time. Whether it is conscious or not, I do not think that there is quite the clarity of demarcation between the two disciplines which the policy economist that I should expect, let us say, from Cambridge. We seem, at the present time, to be harassed by an unexpressed political ideal masquerading under the guise of an economic system. Speaking as an engineer, I do not believe that we shall make much progress to a solution of our difficulties until we decide whether or not this is a legitimate position to take up. Perhaps you will allow me to enlarge a little upon this aspect of the matter.

Work as the Aim of the Economic System

So far as I am aware, no orthodox economist has criticised the most interesting and probably momentous experiment of this century, which is now proceeding in the United States, on the grounds of the unsoundness of its first premise, which is unequivocally stated to be "The widespread and permanent re-employment of workers at wages sufficient to secure comfort and a decent living." I am quoting from the Report of the Committee on Finance of the First Session of the Seventy-third Congress of the United States.

This is as much as to say, I think, that the premise is axiomatic, and, from my point of view, is at once to beg the question. To say that no social or economic system has achieved its object if it does not provide a maximum of employment in materialistic industry is neither economics nor engineering; it is political idealism. It is certainly not engineering because the specific object of engineering is to institute and subjugate the forces of nature to the services of man, and thus do his work for him.

I do not think I can do anything more useful in speaking to you than to urge upon you the necessity of examining, defining, and adhering to this political ideal, and allocating the responsibility for it and for the consequences which must logically proceed from its pursuit.

It has been established beyond all reasonable doubt that the present economic and industrial equipment could either actually, or within a ver- short time, produce far more than the requirements of those who are engaged in operating it. If we are to pursue the ideal of keeping this equipment fully employed together with the whole working population, expansion of export markets—and not merely absolute expansion of output—must be a practicable ideal. Assuming that this ideal is pursued in all industrialist countries and without postulating any thing else in the form of difficulties in the financial system itself, this policy means increasing competition for a shrinking market. Do we really recognise the logical consequences of this, and do we recognise that these consequences in the form of preparation for war and increased armament are everywhere working themselves out to their catastrophic conclusion. I am not criticizing the ideal, although it is not mine; I am merely asking you to bring it to your consciousness, to bring your intelligence to bear upon it, and to realise that it is not inevitable except so far as it is unrecognised.

The Only Sane Object of Industry

The same type of argument, I think, is urgently necessary in regard to many other things which come within the sphere both of the engineer and the economist. It is difficult to apply any same meaning to an industrial system which has not as its fundamental objective the increase in the comfort and maintenance of life. But it has to be recognised that many of these people who are most eloquent in regard to the virtues of the economic system operate it at the present time repudiate this objective and complain of the departure of the modern world from Puritan standards.

But I want to thank you, for the moment, to assume that this premise is justified. Let us suppose that the millenium would be achieved if there was no unemployment whatever. Turn now with this in mind to the facts of the world of industry. Let me allay your fears at once, I am not going to rehearse the well-known facts of the economic paradox popularly known as "poverty amidst plenty." But it is inevitable that we should touch upon the fact that there is, at any rate, no serious shortage of goods and services, and that there is a vast amount of unemployment, a still greater amount of extraordinarily inefficient employment, etc., time put in by individuals upon work which is either fundamentally useless or is done by very inferior methods, and that this unemployment of individuals is paralleled by an even greater unemployment of plant, machinery, and land. So that anything like one hundred per cent. employment of the available population and the available productive resources is at once going to result in either such a spate of production as no known methods of consumption outside War can possibly cope with, or else it is going to be accompanied by such a lowering of efficiency as is equivalent to a return to handicrafts. That seems to me to be a reasonably unanswerable statement of the physical facts, and in spite of the obviously opposite opinion prevalent in the highest financial circles, that figures are much more important than facts, I confess from my training to hold a contrary opinion.

Problems which Orthodox Economists Ignore

But I am going to ask you to pursue this particular line of thought a little further. I am going to ask you to suppose that, without catastrophe, first of all, the whole population has become re-employed, thus producing an enormous surplus of unsold goods. Such a surplus would be an acceleration because of the improvement of process and the increased use of power. And that, when this became evident, large numbers of persons were again dispensed with from industry, thus reducing production to the amount of demand, and for the moment, but reducing producing it with, let us say, one-fifth of the population.

I should like to ask you how this four-fifths of the population are going to get their share of the production. I am not, for the moment, going into the question as to...
whether, if you taxed the remnant of the working popula-
tion to the extent of eighty per cent. of its earnings, and
divided this amongst the four-fifths of the so-called un-
employed, this would provide sufficient purchasing power.
I am merely asking you, as an expert body of both econ-
omists and political economists, whether a proposal of this
kind strikes you as practical politics.
Perhaps you will allow me to labour this point a little. In
the example I have just given, and assuming that all types
of production were direct wage and salary payments, you
would, in effect, be representing to those people who were
still working that although, let us say, they earned, as they
would put it, "Twenty pounds a week," sixteen pounds a
week being taken off them by, say, Income Tax at 35s.
in the pound, to provide what is known as a "dole" for the
remainder, while urging the remainder to find work.
Does a proposal of this kind strike you as being a
sound psychological approach to the practical problem of
distributing surplus? I ask that, because it appears to be the
only solution which is countenanced by orthodoxy at the
present.
Excess of Prices Over Purchasing Power
But while I feel sure that you will agree that the situation
presents formidable problems even if presented in a form
which is practically beyond controversy, its complexity is
greatly enhanced and its possibilities of breakdown are
immensely complicated when we consider that to take one
example alone, during the ten years 1909-1918, American
industry distributed 266,000 of millions of dollars in pur-
chasing power (in salaries, dividends, pensions, war-wound
indemnities, etc.) and placed on the market 390,000
of millions of dollars worth of merchandise. In other words,
the collective prices of the goods for sale during that period
exceeded the purchasing power available to buy them by
124,000 of millions of dollars, and it must be remembered
that very large quantities of these goods were sold at a loss
by the undertakings which produced them, which makes the
figures appear a good deal more favourable than they
really are.
Since I am in this exceptionally favourable position of
being amongst a highly competent economic audience,
while, myself, making no claim to be an economist, and
therefore able to ask an unlimited number of questions
until I am stopped, I should immensly appreciate assistance
on another problem of a somewhat similar character to
that to which I have just referred. If you will take the balance
sheet of a large company, you will find lumped together
upon the right-hand side, assets of various descriptions,
some of which are in the nature of land, buildings, and
tools, etc., and are commonly described as "fixed assets,"
and others which are in the nature of cash at bankers,
debts owing, etc., and are commonly described as "liquid assets."
Together these make up the company's
balance sheet represented any-
thing on the nature of cash assets.
I sincerely hope that I am not misrepresenting him, but
that was the expression I devised, and my reply to him
was that if this was so I thought the manufacturers of
Great Britain and elsewhere ought to be told so, as they were
obviously carrying on business under a misapprehen-
sion, because they sincerely hope that all their assets are
"earning" assets. I should like your opinion upon this,
because I have no doubt whatever that in these facts may be
found an important clue to the difficulty of carrying on
business at the present day from the point of view of the
entrepreneur, and that the confusion between price-values and
purchasing power is widespread, and extends to quarters
in which one would expect the difference to be clearly
distinguished.

What is the Principle of Taxation
Not to try your patience too heavily, I should like to
obtain of your kindness an opinion upon the whole
question of taxation. I need not draw your attention
to the change which has taken place in the conception of
taxation in the last hundred years. For instance, I will
divide this amongst the four-fifths of the so-called un-
employment, because they sincerely hope that all their assets are
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entrepreneur, and that the confusion between price-values and
purchasing power is widespread, and extends to quarters
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distinguished.
The business man of sufficiently long experience looks back, no doubt with regret, to consider the periods of what he calls Good Trade. But the fact is there never has been, and under our present monetary system there never could be such a thing as good trade, in this sense of a balanced healthy functioning of the economic machine.

Our financial-industrial system knows only two states—inflation and deflation, and now that the peculiar conditions of the last century which tended to obscure this fact have ceased to exist, we may have learned that in the actual and modern economic machine, the effects of both inflation and deflation, our financial advisers have positively nothing else to offer us.

Inflation

The cause, as well as the chief feature of a period of inflation is capital development—the erection of plant and the installation of machinery. Since the public cannot consume industrial buildings and their contents, it follows that the wages and salaries paid out in producing them must be spent at the shops on consumable goods. This demand turns the retailer into a willing buyer from the manufacturer, who, in his turn, finding demand greater than his powers to supply, proceeds to enlarge his works particularly as he finds his bankers, impressed by his obvious prosperity, willing and eager to finance him. And so for the time the building of another factory increases yet further, the demand for capital, and the so-called good trade continues and increases and everyone is happy.

But the important fact that we overlook, and of which, until Major Douglas pointed it out in his first book nearly fifteen years ago, we were entirely ignorant, is that the public, although they have all the money necessary to pay the actual cost of consumable goods, have none to meet all the costs that are being piled up by capital construction. Hence, when the bankrupt retailer is unable to pay his bills, the banks to which he is indebted, force him to sell by reducing the face of his overdraft. That is to say, they are forced to spend their whole income, short of what they save and invest, on the existing supply of goods.

In plain English, during periods of so-called good trade a nation is simply being forced into that universally-condemned practice known as “living on capital,” that is, spending the credits (money) issued to it for capital development on its day-to-day living. It makes no difference that individually and as a whole we may be a nation of honest, thrifty people, who prefer to spend none of our income. It makes no difference that the price of consumable goods are rising, as they are gradually emerging in the price of consumable goods in the future on the part both of industry who accepts, and the public, although they have all the money necessary to pay the actual cost of consumable goods, have none to meet all the costs that are being piled up by capital construction.

Deflation

Good Trade, or inflation, to give it its proper name, is induced by credits (money) loaned by the banks to Industry for capital development and spent on consumable goods. Now Major Douglas has shown that for its continuance, not only must the banks continuously re-lend all credits (monies) paid back to them, but the loans must be increased, because the costs of the capital construction that is going on are gradually emerging in the price of consumable goods in the shops. In other words, the costs of the gold and the credits (money) loaned, to continue the precarious business for very long.

Leaving out of the picture the effects of the operation of the gold standard, which for precision and niceness may be likened to the chicken yard, and the words of the chicken runs, and deliberate action by the banks—as in 1921, to take one instance—it requires only the slightest pause, on the part of the banks to lend money to industry and industry to distribute it to the public, to reduce consumption so that the production of consumable goods, resulting from installment of plant and machinery, overtakes demand. There is a hesitancy on the part of buyers, and a halt in the hitherto steady rise of prices, and in this the storm, prudent souls here and there can see writing down their stores, perhaps not very greatly, but with the idea of unloading. Soon everyone is doing it.

Now all these stocks represent production already incurred and owing to the Banks. If they cannot be covered by sales, they must come out of reserves and profits. And there you have the picture just at the time of the turning of the tide.

No Rest for the Weary

The rational conclusion to come to at this point would be that we had produced sufficient plant and machinery—perhaps a trifle too much—and that the time has come when we might safely rest from capital development for a while, and enjoy the consumable fruits of our previous activities. Whether we put it to ourselves like that or not, capital production does slow down perforce. But unfortunately our peculiar industrial-financial system is not designed to give us the fruits of our labours or anything else, but only profits (if any) and wages and salaries. With the slow down of capital production there is an immediate considerable reduction in the available purchasing-power (income) of the community, and in consequence an increase in the difficulty of selling goods. And so there follows a further writing down of stocks everywhere. Things begin to look serious.

One would suppose that at this juncture the banks, which we are assured are the handmaidens of industry, would rally round, and through the agency of the gold standard or some other of the bewildering devices of which they have such store, stave off the quite irrational catastrophe that seems to be impending. But the supposition is wrong—just as that other supposition about enjoying the fruits of our industry was wrong. It is not a wise thing to attempt to apply logic or reason to the operation of the existing monetary system.

What is wanted above everything else at this critical juncture is a respite—above all, avoidance of any precipitate action on the part of lenders. But it is just such respite that is never given by finance. Perhaps in the nature of things, it is impossible. Bankers, alas, are human and subject to cold feet like the rest of us. Already industry as a whole shows a considerable reduction in profits, which have been the fat is really in the fire. There follows a considerable reduction in profits, which have been absorbed in the original writing down of stocks, and this means a reduction in security for loans; so that banking prudence (which is an essential ingredient of income) at this moment of crisis counsels the non-renewal of over-drafts and the calling in of loans. The handmaiden stiffens her upper lip and takes a firm stand.

Like the Gaderene Swine

And now the fat is really in the fire. There follows an orgy of price-cutting and selling—in the security and property markets, in the wholesale and retail trades. There are dismissals, closings-down and a further destruction of real assets—real wealth—in a hopeless attempt to liquidate the inflated money value of previously incurred debts.

It must be remembered that a high price for goods is the predominant feature of an inflationary (boom) period. And the higher the price of goods, the lower the actual value of money, so that the last phase of such a period is financed by loans of money of a very low purchasing-value—the inflated money value of previously incurred debts. And now the fat is really in the fire. There follows a considerable reduction in profits, which have been absorbed in the original writing down of stocks, and this means a reduction in security for loans; so that banking prudence (which is an essential ingredient of income) at this moment of crisis counsels the non-renewal of over-drafts and the calling in of loans. The handmaiden stiffens her upper lip and takes a firm stand.

The Turn of the Tide

The question arises, how has society recovered from trade depression in the past as undoubtedly she has done again and again? It has come about in many ways. On occasions the discovery of deposits of an extremely malleable, yellow metal in distant parts of the globe have done the trick. And
Social Credit in Holland

Public Lectures by the Dean of Canterbury.

The series of addresses on Social Credit delivered by Sir Drummond Frazer, Dean of Canterbury at Apeldoorn and Groningen has been an outstanding success. The audiences were good, and at Amsterdam and The Hague in particular the questions asked after the address showed the greatest interest.

The visit, officially under the auspices of the English Association, an organisation for the furtherance of English culture and letters in Holland, had been arranged by Mr. Loeb, the secretary and founder of the N.E.F. (Dutch New Economic Group).

One of the members writes: "For the small body of Dutch Social Creditors, who have been slowly but steadily increasing these past twelve months, the appeal and influence of this visit has been beyond the wildest expectations. For the spirit of Holland is still as intensely religious, serious and even Calvinistic as when three hundred years ago they resisted the Spanish conquest. The world's modern conquerors—the Money Power—may be less easy to recognize; but once realisation comes, and especially when it is presented as "The Nation's opportunity and the Church's duty in this age of plenty," there is little doubt that Holland will be in the forefront of the fight for modern freedom. Alone perhaps of the Continental countries, Holland is in many ways and for many reasons ripe for the Douglas message and certainly no ambassador of those 'glad tidings' could have been more acceptable or carried more influence than Dr. Hewlett Johnson, Dean of Canterbury."

The meeting which drew the greatest amount of attention from the Dutch press was a special meeting of clergymen, held at Amsterdam. The fullest report was that of Het Volk, a popular Socialist paper comparable to the Daily Herald, which in spite of somewhat facetious comments, published a full-page account covering two columns of the Dean's remarks, with photographs of the Dean and Dr. Van Hoogenhuize, an important leader of the Dutch Reformed Church.

The Nation's Opportunity and the Church's Duty

In his address, the Dean related how he had formerly been an engineer, and during the war, as the assistant of Sir Drummond Frazer, he had come into knowledge of the banking world.

After a description of the destruction of wealth and the neglect of modern mechanical productive power, the Dean said that money, which was intended for the purpose of facilitating transactions, was certainly not doing so. The reason lay in the fact that it was a private monopoly. The present situation might be compared to one in which an empty train departed while the passengers stood waiting before the booking office, and could not go by the train because there were not enough tickets. And at present a third party was allowed to manufacture those tickets and to trade in them.

Explaining the Douglas theory, the Dean said that society must give the right to create its own money. Production of goods and provision of purchasing power must keep pace with each other. The stream of goods and the stream of money must flow at the same rate.

At present, with farmers and industrialists alike groaning under the mortgage debt and seeing no escape, there was only one remedy, which the Church must proclaim as she did in the middle ages—they must bring back into honour once again, the principle of the "Just Price."

A National Ledger Account

The Douglas proposals demanded control over the production of money. The State, in the name of the Community, must establish, as it were, a National Ledger, but produce a true balance. At present there was no true balance between production and consumption. Suppose the relation between production and consumption to be 5 : 4; then the price of goods must be reduced by a quarter, and by the use of the nation's credit the seller would have restored to him what he had lost in his sale price.

One country was already applying the principle to a limited extent for exports—Japan. This country was able to export goods at far below cost—not by paying starvation wages, but by the partial use of what was in essence Social Credit applied to production. And in this respect it was worth noting that Minister-President Osaki allowed the works of Major Douglas to be translated into Japanese.

What Japan was doing partially, England and Holland could do completely. They had the means; here were the machines, and here the knowledge. They had the possibilities and the goodwill. The ineffectual functioning of the money machine alone was bringing all the benefits of modern progress to naught, and leading Europe inexorably towards economic and military war. It was the Church's duty to lead in saving the world from this ruin by means which were now obvious and to hand.

BOOM AND SLUMP continued from page 126

again there is a considerable school of economists who see the influence of sun-spots at work. (See Professor Stanley Jevons, University College of South Wales, in the Daily Mail of October 23, 1933.)

But a most frequent cause has probably been the natural, the almost crass buoyancy of human nature, which has asserted itself after a sufficiently long period of gloom and tragedy, and when enough capital values have been destroyed through bankruptcies and forced sales, and by rationalization or the drastic writing-down of such industrial securities as are not held by high finance. We are creatures of reaction. After a time the mind to lend and the mind to borrow has returned to the banker and to the industrialist—cold feet have gradually warmed up. Obsolete factories must be built up again, so there was a renewal of capital construction, and the credit created and loaned for this found its way into the shops and stimulated retail demand. The world's industry began to turn, creatively at first, but gradually faster and faster as more and more credit was issued by the banks. Until finally the cumbrous machine starts up the same old incline again—with the same old drop at the further end.

"The Next Boom."

The truth about the "next trade boom" is that it looks remarkably as if there never was to be another. According to trade cycles statistics it is overdue now, and our inspired press has anticipated its birth again and again in the last few years, like an anxious midwife. There have been attempts to induce it artificially; reflection, as it is called, or sometimes, the raising of commodity prices-President Roosevelt's effort in the United States is the outstanding example—but they have been ineffectual.

It would really seem that what is known as the trade cycle is dead. And if this is so, then the chief cause is undoubtedly the terrific volume of the output of labour-saving and mass-producing machines, which, together with the over-increasing unemployment it creates, has become more than any capital-construction programme can cope with. In which case it is obvious that two things only are left capable of ever again starting up or fully engaging the wheels of industry, and they are war—or—the issue of credits that are not bank loans, for consumption (as opposed to production). In spite of the considerable difference in the vistas opened up by these alternatives, they have one thing in common, that the chief feature of both is consumption.

The alternatives then lie between the application of mass-consumption credit and production through the agency either of War or Social Credit. In one or other of these alternatives our present civilisation is either to lose itself or find itself. Which it is to be, is the immediate and only practical question to-day.

"What comfort can Sir Stafford Cripps draw from an economic system which in the course of a few years has converted plenty into dearth?" A letter to The Times.

It is referring to the Russian system, not to ours. We have not yet reached dearth. We are doing our best, by "adjusting supply to effective demand." But it takes time.

October 26, 1934 SOCIAL CREDIT

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The Case for the National Dividend

IV.

The Inventor

DISCOVERERS and inventors are prone to work and live in considerable difficulties, and the more important matter they deal with, the greater those difficulties are likely to be.

Many of them start with the handicap of being more unhindered than most people are to struggle with the problem of getting an adequate income; the twist of mind which turns them to notice and then try to solve problems of mechanics, physics, psychology, medicine and so on, often makes them rather indifferent and incompetent in the routine work of industry, and sometimes "difficult to get on with" to other people. They have also the hard task of forcing their ideas on the professional and commercial groups which they most closely concern. They are also often held up in their actual research and experiments by lack of money for bare living, and oftener by lack of enough to pay for apparatus and materials. That the legend of the poverty-stricken inventor is not merely a matter of history is shown, for example, by the experiences of one of the chief pioneers of television, who seems just to have escaped starving to death.

Besides those whose hopes or impulses are so strong as to drive them forward in spite of the probability that they will lose money through their pursuits, there are probably quite as large a number of people who would make valuable contributions to the world's endowment of knowledge and ideas, if they did not hold back for fear that they and their families would suffer heavily if they gave their talents. And there are even larger numbers who would be willing to risk much, but not all. Hence we find many of beginners in electronic or medical science who cannot get on with their work. They have also the hard task of forcing their ideas on the professional and commercial groups which they most closely concern. They are also often held up in their actual research and experiments by lack of money for bare living, and oftener by lack of enough to pay for apparatus and materials. That the legend of the poverty-stricken inventor is not merely a matter of history is shown, for example, by the experiences of one of the chief pioneers of television, who seems just to have escaped starving to death.

The Artist

Artists, whether musicians, painters, sculptors or writers, are even more kittle-cattle than inventors. They can only speculate on what conditions are needed to produce an outflow of great art, and I, for one, would not prophesy a great period of culture as a result of Social Credit. Nor would I prophesy the contrary.

But there is no shadow of doubt that many an artist of the first water has been crippled, thwarted, or prematurely cut off by the pressure of economic distress. Nor can it be doubted that one condition of great art has been the existence of a leisureed and prosperous audience for the artist. One has only to think of the part played by certain wealthy patrons now, and of the parts played in the past by such people as the Austrian aristocrats who supported the rather difficult (not to say republican) Beethoven, to see that wealth, though it does not produce art, is a helpful midwife.

With economic security, in the artist and his audience, the former can pursue his activity more wholeheartedly, and the latter follow it with less distraction. A National Dividend would also remove some temptation from a considerable number of people who write books badly or sing songs worse, but continue to do so in the hope of making some money out of it. It would encourage those who have a vocation for artistic activity; it would hardly dissuade those whose aim it is to get applause and attention for themselves; but it would reduce the number of those who know they have no vocation but, for incomes' sake, pretend they have. And let us hope it would strengthen the conscience of reviewers and critics.

The Spirit of Adventure

The general effect of the Dividend on the two classes of pioneers of culture which I have indicated under Inventor and Artist would be to make them more enterprising and adventurous, because it would largely or wholly remove that economic insecurity which now tends to make most of them cautious beyond their nature.

The same effect would be found on the population at large. Many people lead the lives they do, not because they do not want to change nor because they would be any the less competent in a new way of life or a new environment, but simply and solely because they think it better not to risk an entire collapse of their income. They would be willing to risk much, but not all. Hence we find many a man in a profession or occupation which he does not like, where his qualities are half wasted, and he may even be doing more harm than good.

A foundation of economic security would mean that many such would change, to the advantage in most cases both of themselves and the industry and the community at large. It is one of the myths to be found in school history books that the English as a nation have always been peculiarly adventurous. The National Dividend might make it a reality.

HILDEG. COUSINS.
"The Shutting Up of the Exchequer."

THE goldsmiths of London became bankers in the 17th century. Being mainly Puritan in politics and religion, they used their wealth to finance Parliament against Charles I., in the Civil War. But they agreed no better with Cromwell during the Protectorate. At one period he was driven to negotiate with the Jews of Amsterdam to admit members of their nation to England in return for loans, but the plan fell through. After his death they willingly advanced money to Charles II. to disband the dreaded Republican armies, which had dominated even the City of London.

The new King was irksome of Parliamentary control, and borrowed heavily from the bankers. As soon as he made peace with Holland, he alienated both the Puritans and the financial power, he alienated both the Puritans and the "City." The lack of money and equipment, which led to the British naval defeat in 1666, was largely due to this. He soon trimmed his sails to the bankers' breeze, and entered into an alliance with Holland, against France, a country which was standing out against the new finance power.

Secret Diplomacy

But in 1670, under pressure from Louis XIV., he concluded the Secret Treaty of Dover with that Monarch. By this he bound himself to re-establish the Roman Catholic religion in England, and to aid Louis in smashing the finances of the Dutch Republic.

About eight of the Bankers of London had lent him £416,000, Charles declared he would 'religion in England, and to aid Louis in smashing financial power, he alienated both the Puritans and the "City." The lack of money and equipment, which led to the British naval defeat in 1666, was largely due to this. He soon trimmed his sails to the bankers' breeze, and entered into an alliance with Holland, against France, a country which was standing out against the new finance power.

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The Historic Shortage of Money

The Shortage of Metal

All the discussions of metallic currency during the last hundred years boil down to that simple fact. As a result of this shortage, the use of paper or written documents of various kinds came steadily into use as money; they were an essentially new development. Not that such substitutes for metal had never been used before in the distant past, for history records the leather money of Carthage, and the City States of Greece guarded it as a proof of independence. But there came a change, with the expansion of oceanic commerce in Western Europe in the sixteenth and seventeenth centuries, when the need for money, both for circulation and development purposes, far exceeded the supply of precious metal available.

Money in the form of stamped metal seems to have been an invention of that very important period in human history, about 700 to 600 B.C. The rapidity with which the use of money spread over the world from China to the British Isles is evidence of the extensive character of the commerce of that time. From then till now the issue of metallic money has been a jealously guarded prerogative of the State or its ruling authority. The City States of Greece were the first to introduce metallic money, and one at least of the Tartar Emperors made extensive use of the methods by which he attempted it were irrational and need not concern us. But the title was significant, for it recalled the appearance of "The One Sane Man," in 1918, when the debt-created prosperity prevented men and women from realising that if the economic problem could be reduced to a position of minor importance—in other words, if the productive power of machinery could be made effective in reducing to a very small fraction of the total number of hours required for adapting the world's natural resources to the highest requirements of humanity—the 'deflation' of the problem would, to a very considerable extent, be accomplished . . .

The One Sane Man

RECENTLY read a novel, under the above title, about a man who, troubled by a sick world, attempted a reform of the Industrial Revolution. The methods by which he attempted it were irrational and need not concern us. But the title was significant, for it recalled the appearance of "The One Sane Man," in 1918, when the debt-created prosperity prevented men and women from realising that if the economic problem could be reduced to a position of minor importance—in other words, if the productive power of machinery could be made effective in reducing to a very small fraction of the total number of hours required for adapting the world's natural resources to the highest requirements of humanity—the 'deflation' of the problem would, to a very considerable extent, be
Europe to one of the most hysterical. While not agreeing
nels increasingly ineffective as remedies, necessitates a
campaign to determine by what Iright the bounty of nature
does select and cultivate emotions and faculties that tend
wholly with this, one may admit that the world's Press
each man in his social aspect forms a part—that the in-
human dignity, to the imposition of conditions under which
the "Great Man"—as Douglas describes society, of which
the victims as well as the tyrants in the awakening giant,
to forego their natural
themselves free by use of solar energy, and that their
spirit craves the freedom their genius has achieved; move-
ment in the other direction meets the natural resistance of
men and of material facts. It can only overcome this
resistance by use of some powerful instrument.
The time-honoured instrument of human subjection is
abstractionism. Man is beguiled into denying his spon-
aneous being, by the indulgence of some picture of virtue
to be attained, or some vision of evil to be avoided.
The divine, incarnate spirit which is man, yields to this pressure.
For man comes but slowly to recognition of his own dignity
and responsibility.

Either direction in our corporate life may be pursued
with benevolent intent; but authority exercised in restricting
liberty has to make a greater display of virtue. Short the
naked force, its power is derived from inducing acceptance
of the assumption that the will it exercises is "higher" than
the will of the individual. Upon this depends its sanction.
All the names of restraint have to be massed under the
banners of "Moral Law," "Economic Law," "Sound
Finance," to overcome the objective facts, and prevent the
natural release of men from the "kingdom of necessity." The
objective necessity for co-operation in every act of life
is mocked by the imposed necessity of the abstractions from
which we suffer.

Weapons of Authority
Abstractions are the weapons of Authority. And authority
utilises them to induce innocent men to abandon the dictates
of their own hearts, or to compel their acquiescence in alien
purposes. The reward of submission is livelihood; the
punishment for rejection of the "authority." Authority based upon abstractions inevitably becomes
tyrannical, for its secret basis is fear of the incalculable
creature—man. Authority descends by degrees, from the
helpful direction of activities which clearly enhance human
dignity, to the imposition of conditions under which
the spirit in man is merely broken to the purpose of main-
taining the authority. But so deeply does fear still enthrall
the victims as well as the tyrants in the awakening giant,
the "Great Man"—as Douglas describes society, of which
each man in his social aspect forms a part—that the in-
dividual submits to tyranny which oppresses him, because
he fears even more the responsibility which freedom brings.

For the other aspect of dethronement of abstractionism is
the acceptance of responsibility. Freedom and responsibility
are inseparable. And faith in the inherent virtue of man
is exhibited in willingness to extend the bounds of personal
liberty to the utmost limits, by reducing the functions of
authority to operations expressing the common will of the
governed.
The only way to safeguard human dignity permanently is
therefore to limit authority and lift the "perverse sacred
sphere under the guise of natural law.

Social Credit provides the mechanism by which the
abstractions, in whose names we are enslaved to-day, may
be superseded. It establishes recognition of men's gigantic
achievements in the real world as the centre and guiding
principle of social organisation; distribution of product
throughout the community is the first essential action.
This we can well understand as a natural development in
human affairs when we consider the historical situation in
which it is propounded.

The False God—Book-keeping
Protestantism eulogised the conception of personal
responsibility in the relation between man and God. Capitalism perverted that conception into irresponsibility
between man and man. Finance has carried that perversion
to fantastic heights of irresponsibility between man and
man, by setting up the strangest of all false gods, the
perfect Abstraction, as the "lifeline" of the modern world.
That false god is Book-keeping.
It is so simple! Money, the symbol of real wealth was
needed as industrialism developed, for purchase of materials
and equipment, and the provision of livelihood for those
engaged in production. This provision was necessary until
the product could be sold and the prior charges met. But
those who provided the money, regarded it as a "thing,"
and commenced to trade in it. They brought about
complete dependence upon their "product." Laws were
passed forbidding payment in kind. States were induced
to forego their natural right of money creation; induced
to borrow where they should create and lend. And against
every creation by the money monopoly an entry of repay-
ment was required to balance the books. The labour of
succeeding generations for unmeasured years is pawned to
this futile and impossible repayment, whilst the present
generations pervert their need for money into a demand for
wealth.

By virtue of this Abstraction a pyramid of gigantic
power has risen, arrogating to itself all the virtues, and
enforcing obedience in the names of economy, industry,
thrift, honesty, all perverted to the service of the symbol
of wealth and the denial of the reality. That supreme
case of human subjection must be overthrown; the
realities of the situation were made clear in 1919.
The facts are known, and there is no more bitter possession
than a fact which men in power will not see. The final
test of anything is the use men make of it. The political
and economic reality is FACT, and the acceptance of the proposal of One
Sane Man in 1919 opens a world of beauty for the present
heirs of past endeavours.

E. J. PARKHURST.
PRESS REPORTS OF BEDLAM

How "Sound" Finance deals with the World's Food Supply

T he following collection of press reports affords a clear demonstration of the sheer lunacy of the way in which the economic experts deal with what The Times (April 38, 1934) calls "Dreadful Surpluses"—meaning the abundance of food which the people of the world need but cannot afford to buy.

Better wheat prospects. Other favourable features include reduction during 1932 of about 100 million bushels in world stocks, the failure of the Russian crop, the poor start of the United States winter crop, and the probable curtailment of the new Canadian acreage.—Daily Express, January 12, 1933.

U.S.A. Reconstruction Finance Corporation announces £10,000,000 loan to China to enable Chinese to eat bread which Americans are unable to afford to eat.—Daily Express, June 5, 1933.

Canadian Premiers support wheat restriction.—Times, June 10, 1933.

Nations discuss how to deal with surplus wheat.—Evening Standard, June 16, 1933.

French Chamber consider Bill to assist farmers by reduction of wheat harvest.—Financial News, June 26, 1933.

Nature comes to assistance of President Roosevelt. U.S. Department of Agriculture predicts smallest crop for 50 years. Reasons include unfavourable weather and financial difficulties of farmers.—Daily Express, July 12, 1933.

U.S.A. Wheat Ultimatum To World. America to subsidise exports unless wheat restriction is agreed to. (In effect this means if we don't agree to bake less bread the Yanks will pay us to take what they can't afford to eat !)—Evening News, September 1933.

U.S.A. Wheat Pit in turmoil of excitement.—Daily Express, August 12, 1933.

U.S.A. Wheat Belt in turmoil of excitement.—Daily Express, August 31, 1933.

Bummer harvest—50,000 people in want.—Evening News, September 26, 1933.

French Cabinet authorise fine on farmers who increase acreage under wheat.—Times, October 15, 1933.

Smaller Indian wheat crop welcomed.—Times, May 12, 1934.

Drought welcomed.—Sunday Pictorial, June 3, 1934.

Drought rockets wheat prices. Smallest crop for 30 years. 216 million bushels lost. Grain famine rumours.—Chicago Wheat Pit in turmoil of excitement.—Daily Express, July 12, 1934.

U.S.A. restriction plan reported successful in reducing wheat acreage from over 40 million acres to under 30 million acres.—Evening Standard, June 26, 1934.

Mr. Wallace, U.S.A. Minister for Agriculture, states that farmers will be allowed to cultivate full acreage of wheat only provided they feed 15 per cent. to cattle.—Times, July 31, 1934.

U.S.A. Secretary for Agriculture claims drought as the "alibi" of Agricultural Adjustment Administration in reducing all crops except cotton.—Times, July 31, 1934.

U.S.A. destroying one million cattle because "they can't be fed on account of drought."—Daily Express, August 3, 1934.

U.S.A. may have to slaughter five million cattle "owing to drought."—Daily Express, August 9, 1934.

U.S.A. puts its shirt on the drought. Crop havoc yields fortunes. 1,500 deaths in heat.—Daily Express, August 9, 1934.

Drought is good for our harvest. Bumper yields. Britain reaps rich crops.—Daily Express, August 9, 1934.

Britons grow rich on drought. Drought provides profits.—Daily Express, August 11, 1934.

Millionaires made by drought. "Two lone wolves wax fat on wheat." (Actually this means "wheat shortage").—Daily Express, August 11, 1934.

Anticipated further deterioration owing to drought not materialised. Increased crop causes disappointment.—Daily Mail, August 13, 1934.

Rain frightens drought crop gamblers.—Daily Herald, August 13, 1934.

French Minister of Agriculture calls on all bakers to give up weekly holiday, bake more, and so induce the people to eat more bread in order to get rid of surplus wheat.—Evening News, August 29, 1934.

It is to be hoped that the above facts taken from our daily papers will satisfy all but Social Creditors and other cranks, that no bread is better than half a loaf!—T. H. Story.

BANKMEN AND SOCIAL CREDIT.

For years past Social Creditors have been proclaiming that the banker quite unwittingly, has been acting as a "fence;" that he is the purveyor of a stolen commodity, the nation's credit, which he sells as "Bank Credit."

Yet those respectable citizens, bankers, bank managers, bank clerks and others seem quite unperturbed. Their official organs, The Journal of the Institute of Bankers, and The Bank Officer, pass over this revelation almost in silence. In Australia it is otherwise. Battle has been joined, the controversy rages. Here perhaps the Social Creditor must shout still louder, if his voice is to be heard.

But can bankmen plead ignorance at this stage? Quite recently a circular, re-assuring in tone and adumbrating the brutal truth, was dispatched to every branch bank in this country. A considerable number of them by this time must know that Social Credit is directly opposed to the credit theory they are called on to put into practice.

As practical men, they may say theory is no concern of theirs. All the same, bankmen have been forced to submit to very considerable cuts in salary scales, and further cuts in some cases have still to be faced this autumn. Most bankmen want the highest salary they can get. When balance sheets show diminished profits, the directorates can justify their economies, and the bankmen's protests are of little or no avail.

Dimly they are aware that something is wrong somewhere, that all sorts of restrictive measures limit the production of goods, that goods have been ruthlessly destroyed to bolster up the falling markets, that Poverty in the midst of Plenty is the ghastly paradox of this age.

How much longer are bankmen going to slumber in this Götterdämmerung? How much longer can they afford to do so?

If they have faith in the system that has produced the paradox, they should proclaim it. They should invite our meetings and attempt to demolish our arguments. We should welcome the intrusion and thrive on vigorous criticism (and, incidently, make many useful converts).

N. Messed.

ECONOMIC NATIONALISM

by Maurice Colbourne

3/6 net.

The clearest, simplest introduction to Social Credit Principles.

Will be followed shortly by PROPERTY—its Substance and Value by The Marquis de Serra

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Figurehead, 13, Orange Street, W.C.2.
Correspondence

To the Editor of Social Credit,

Dear Sir,—The extension of advertisements in your journal may be the nucleus of a Social Credit experiment extending in at least two directions:

1. Increasing the general interest in the paper.
2. Opening up of the discussion of a Social Credit experiment.

Beginning with the former, the Secretariat draws attention, although not in the usual form of paid-for advertisement, to the fact that it is prepared to supply portraits and printed documents to readers in exchange for legal tenders, and also two commercial firms run by Social Creditors, offers commercially of their special productions payable presumably ultimately in cash, either on reasonable credit terms, or in exchange for bills or on hire purchase or deferred terms of payment.

If all suppliers in the movement would follow this lead, the paper would become at once of greatly increased interest, because we should be presented with a bird's-eye view of the actual producing interests of the whole, and rapidly growing group. We should be able to visualise how soon the movement might become an economic entity, capable of supplying the bulk of its own requirements.

Some years ago quite a small group of people formed what was known as "The New Commerce Guild," offering their goods and services to fellow members without cash payments, but transactions being simply debited or credited in the books of the Guild.

Somewhat later I approached Major Douglas as to whether a group of Quaker industrialists could successfully form a Social Credit Combine or Trust. Major Douglas considered that if a horizontal trust of sufficient breadth could be formed so as to cover, as far as possible the production of the basic needs of life, and with a total real capital worth some millions of pounds, such a scheme might have every hope of success, but only if able to adopt some form of its own ticket system for purposes of distribution.

I would suggest, sir, that your columns should be opened for a discussion of this question.

Yours faithfully,
J. E. Tuke.

An Unscientific System

To the Editor of Social Credit,

Sir,—May I draw attention to an error in Daran's article under the above title?

In the second and third sections of this article a three-stage production cycle is described, token figures being given for the value of the product in each stage, the profit being ten per cent. at each stage. The total cost of production for the three stages is given as £370. This I think should be £360, the total of profits being £80 and not £70, as stated.

The alteration of the figures does not in any way invalidate Daran's argument that profits added to costs of production, and therefore must create a "fictitious deficiency" of purchasing power.

Yours faithfully,
F. Bilger.

DOUGLAS SOCIAL CREDIT

When people say
WHERE WOULD THE MONEY COME FROM?
THAT WOULD BE INFLATION!
THERE IS NO SUBSTITUTE FOR THRIFT AND HARD WORK!
do not waste time arguing with them, just hand them a copy of

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"Aside from the amusing irony we have found it the ideal introduction to the Douglas Plan; a primer, as it were, that gains more converts than any literature that we have used."—J. N. Hoppes, Chairman, and R. Keller, Secretary-Treasurer, Portland (Oregon) D.S.C Group.

"I have read scores of articles of all kinds on economics, but never anything so entertaining as your "Economics for Everybody" for distribution. It is one of the most efficient 'debunkings' I have yet seen."—A. W. Hood, Certified teacher of Book-Keeping and Accountancy, Galashields, Scotland.

"We have just sold the last copy of 'Economics for Everybody,' so will ask you to send us another lot. We enclose a money order for $3.00. This is the 'best seller' among our Douglas books."—Richardson Bros., Winnipeg, Manitoba.

"Kindly send a few copies (all you can) of 'Economics for Everybody' for free distribution (all you can). $3 enclosed."—(The same, a month later.)

"Kindly send another 40 of "Economics for Everybody. It is much appreciated. $2 enclosed."—(The same, another month later.)

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NOTICES OF DOUGLAS SOCIAL CREDIT MEETINGS

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

**The London Social Credit Club**
Blowinck, Caxton Street, S.W.
Oct. 26th, 7.45 p.m.—National Planning. By Mr. Brenton, of the New Age.
Nov. 2nd, 7.45 p.m.—Social Credit Position in Scotland. By Mr. R. M. Black.
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, 7.45 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.

Accommodation

Bournemouth; Paying Guests received in sunny house, quiet road, ten minutes bus to Bournemouth, close to Golf Links and pine woods, highly recommended. Social Crediters welcomed. Mrs. English, "Hillsley," Caledon Road, Parkstone.

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THE German people are going without umbrellas. So
the umbrella manufacturers of Germany have decided
to form an Umbrella Front to revive the trade.
A Front means a militant advance guard for some
great Cause. If the cause is Socialism you form a red
front. If it is the Primrose League it is a yellow front. If it
the cotton trade it is a shirt front. If it is a small cause it
is only a dicky. If it —
Editor: Get on with it.
Just as you say. Well, the German umbrella trade is
in a bad way. About 50,000 persons are out of work from
it and the umbrella is said to be going out of fashion to a
remarkable extent. The hat trade ought to be glad but I
don’t suppose it is. The Youth Movement is knocking
it anyway.
The general discarding of umbrellas and sunshades is attributed to “the rapid development of sports and physical
culture as well as military and semi-military culture” (the
only three cultures left in the country). The Nazis are at
present trying to get the Germans back to the heroic age
of Teutonic tradition and generally making them more
Viking and blonde-beauteous, and they doubtless think you
can’t Vike properly with a gap. Neither can you. I
went Stone-Age once in Brighton and felt a fool with an
umbrella.
I suppose the German professors have been looking up
the old sagas and found that Siegfried left his umbrella
behind when he went on his journey to the Rhine and
Brunhilde wouldn’t let her Valkyries carry sunshades
when they took dead heroes for a ride. It is also stated
that in spite of the urgent requests of his wife, Attila the
Hun refused to take his umbrella when he swooped down
upon Europe, because he said its wind resistance would
attract the attention of his enemies.
I have a theory that the umbrella is destined to play
an important part in the nation’s future, assuming
that orthodox economic principles remain inviolate.
Formerly the umbrella was a symbol of power and
authority. The sacred white elephant of India had a white
umbrella, not to keep the rain off, which he didn’t mind,
but to show he was sacred. Now it is a symbol of comfort
and luxury, symbolising man’s conquest of natural elements.
The umbrella makes man more dependent on an artificial
environment. If he goes on using them to keep the rain off,
ultimately, by the law of the survival of the fittest, he
can only grow an umbrella out of the top of his head.
If that happens we shan’t have to worry about the umbrella
business because it would be natural, and part of the
simple life. We should not try to do without it unless we
had an umbrella-ache, in which case we should have it
extracted and a false one put in. But we need not get
into that here.
Now, it is clear that if we are to maintain our financial
stability we cannot allow people to depend on artificial
aids to physical comfort. We can’t afford it. The object
of a sound banking system is to make us do without as
many things as possible, by steadily keeping the national
income well below the total prices of the nation’s goods
and thus achieving stability on the principle that we are but
strangers here, heaven is our home.
The ideal to which the bankers are leading us is called
the Simple Life. Now the umbrella, as I have said, is a luxury.
But though it keeps the rain off, it does not keep it off very well. It is a luxury only
so long as you have an additional roof elsewhere.
But it is clear that the banking system is leading us to
a point in our rough island story where we shall no longer
be able to afford houses. Then the umbrella will come
into its own: it will both solve the housing problem and
save the pound.
Forward, then, to the Umbrella Front.