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## NOTES OF THE WEEK

### "THE CAUSES OF WAR"

THE B.B.C. has now joined the fashion and begun a series of talks called "The Causes of War." And as might be expected the speakers are already explaining to their listening millions that wars are caused by patriotism, over-production, imperialism, lust for conquest, armament rings—in fact by anything except what really does cause them.

Think what has happened these last twenty years. In spite of memories of horror which are still fresh in the minds of millions, we seem to be perilously close to another war even worse than the last. Nobody wants war, yet everyone is being pushed towards it by unseen but irresistible forces. What is the explanation of this?

The explanation is that certain automatic results of our present economic system propel nations into war rather in the same way that the devils in mediaeval pictures propelled sinners into the flames.

By a flaw in the money system, which makes the total prices of a nation's goods greater than its total money income, each country produces more than it can purchase for its own use. This results in an unsaleable surplus, which, unless it is destroyed, must be sold to some other nation, otherwise the wheels of production will have to be slowed down or stopped altogether.

### Export Trade the Cause of Contention

Export trade thus becomes a matter of life and death. Nations have to find foreign markets or perish. Pushed to the limit, they must even go to war to find markets.

This is the main cause of modern war and preparation for war, and the disturbing fact is that the further we advance into the "Age of Plenty" which is made possible by the power of modern machines, the more accentuated this factor becomes.

In the days when we manufactured most of our requirements by hand, the gap between production and consumption was not so obvious. But to-day, when an increasing amount of work is being done by machines which get no wages, the gap between prices and the total of wages,

salaries and dividends is continually widening and the unsaleable surplus grows.

That is why the demand for foreign markets gets daily more urgent. That is why it becomes a more vital matter to supply the natives of M'bongo-M'bongo with new boots from Northampton than to replace the worn out footgear of our own slum tenants in Glasgow or Hoxton. And that is why it becomes necessary to lend money to insolvent foreign states so that they may go through the motions of buying from us with our own money.

### International Trade Must Decline

In spite of this, the fact remains that international trade is permanently on the decline. It is now so easy to produce goods of all kinds that few nations will consent to remain completely dependent on others.

Industrialisation is proceeding swiftly in many countries. This increases the unsaleable surpluses, and restricts the markets in which these unsaleable goods can be disposed of. It increases the bitterness of the competition between the nations for a place in the ever-narrowing markets.

To talk of disarming while this fundamental cause of international rivalry exists, is futile. The only way to ensure peace is to enable the people of each country to consume all they want of their own production.

This can only be done by increasing the incomes of the population, by means of the free gift of a money income in the form of a National Dividend, irrespective of all other incomes, and sufficient to make up the present gap between total incomes and total prices.

By this means foreign trade would cease to be a matter of life and death, and become a mere exchange of surpluses between nations.

Unless this change in the financial system is made, nations will continue to be unable to buy what they produce, and will be forced to carry on with increasing bitterness, their competitive struggle to dispose of their surpluses.

The cause of war will remain, and no amount of pacifist propaganda will stop it.



### OF COURSE, AUSTRIA WAS "STABILISED"

A woman was arrested in Vienna last week for habitually sleeping in newly-dug graves. In defence, she pleaded lack of other shelter; "the boards covering in the new graves keep them warm and dry," she said.

Such occurrences as this are an interesting commentary on the situation brought about by the enforced adoption of sound financial methods (See SOCIAL CREDIT, October 12,—"Austria Felix—and after"). That *The Times*, pillar of financial orthodoxy, can publish a story so damning to the financial practices it upholds, is no matter for surprise; for we know the inability of the financially orthodox to distinguish between cause and effect. To them, such incidents are due to the "economic blizzard," a force officially stated to be beyond man's control.

One cannot help wondering, however, whether the new graves in question were intended for other victims of financial orthodoxy—the suicides. For ever since the League of Nation's Financial Commission "reformed" and "stabilised" Austria's finances, the suicide rate there has been the highest of any European country. Major Douglas demonstrated the close connection between financial policy and the suicide rate in this country before the Macmillan Committee, and as regards Austria, a debate in Parliament in February, 1933, enlightened us. For Mr. Hore-Belisha, then Parliamentary Secretary to the Treasury, pointed to the improvement in the Austrian financial position in 1932, in support of the proposal for a £4½ loan to Austria to be used to enable her to repay a loan made by the Bank of England the year before. True, Austria's "financial position had improved in 1932, but according to *The Times*, suicides had increased eighty-eight per cent.

This is only natural. Sound Finance is based on permanent national indebtedness and a consequent shortage of money. From the orthodox standpoint, therefore, a nation's financial position "improves" in inverse ratio to the condition of the people. Financial stability brings Fascist revolutions and increased suicides, and homeless women follow as a matter of course.

### SO LET US MAKE A MESS

At Ipswich last week sixteen people were fined for making a litter in the street. The Deputy Mayor said it was not much use Ipswich spending £10,000 a year on street-cleaning if "thoughtless people" . . . etc., etc. A *Daily Express* columnist writes, "on the other hand, if 'thoughtless people didn't litter the streets, either £10,000 would be wasted, or street-cleaners would be thrown out of work."

Very sound economics. We demand the release of the thoughtless litterers. And we proclaim it to be the duty of every Englishman to make as much mess as he can; for the sake of making work, for only thus can purchasing power be increased and the corner be turned. Come on, boys, chuck it about. 'Tis for England!

### INVESTIGATION INTO IRISH BANKING

The recent Annual Conference of the Irish Labour Party passed a resolution directing its administrative Council to institute an inquiry "with a view to ascertaining the extent to which the plight of the Unemployed is attributable to the monetary policy recommended by the Banking Commission in 1926 and incorporated in the Currency Act, 1927". It further directed the Council to "consider the several proposals for monetary reform at present before the public" with a view to forming a Labour Party "monetary and banking policy suitable to the needs of the Irish people."

In its Annual Report, the Party notes the "influence of the banking system on State policy and on the lives and well-being of the citizens." It quotes a former member of the British Labour Government as saying that "in 1931 a Labour Government suddenly sagged at its knees and fell dead. High Finance had killed it, as High Finance will kill the next Labour Government, and the next again, unless betimes the creation and withdrawal of money credit comes to be generally regarded as a State Service."

As soon as the above was made public the Minister of Finance nominated a Commission to examine and report on the Irish Free State system of currency, banking, credit, public borrowing and lending and the pledging of State credit on behalf of agriculture, and report "what changes, if any, are necessary."

It may not appear, on the surface, that this Commission will do more than shelve the whole financial issue by the old trick of pretending to hold an impartial public inquiry, as was done by the Macmillan inquiry here. The Commission consists of five university professors, three bankers, two business men, two farmers, five civil servants, two trade unionists, one foreign banking expert and a bishop.

Further, the remark in the Labour Party Resolution about the effect of monetary policy on unemployment suggests the usual obsession with the idea of work as the only source of purchasing power.

Nevertheless, opposition to financial orthodoxy is steadily hardening in many countries, and there are influences in Irish public affairs which give promise of some benefit arising out of this inquiry. With that we hope to deal later.

### IT IS CALLED A "MARKETING" SCHEME

The *Daily Herald* last week made "revelations" of the milk retailers' profits under the Milk Marketing scheme. The President of a large Co-Operative Society complains that they have to make 4s. 3d. profit in the £. And he is obviously sincere, the poor mutt, in his apologies for having to make "more than a reasonable profit."

This hoary notion that excessive profits are the cause of the maldistribution of goods is based on the assumption that there is a limited amount of money in the country and that therefore if some men get more than their share others go short. It is this assumption more than most which keeps nations in bondage to a financial dictatorship which owes its power solely to the scarcity of purchasing power.

We will accept all that can be said about the greed of profiteers. We will admit for the sake of argument, that throwing fat capitalists into the canal is an excellent way of spending Saturday afternoons. But the fact remains that the attack on profits, though highly moral, has nothing to do with the causes of poverty. And if labour reformers had not made it finally clear that they do not intend to investigate the financial system, we would suggest, for their consideration in leisure hours, that the restriction of profits would make no difference whatever to the standard of living of any class.

Dairy farms continue to increase their potential output, and the doling out of a few thousand pints to schoolchildren (paid for by taxation) makes no appreciable difference to the growing gap between the available supply of milk and the money there is to buy it. Yet the nearest approach to a "solution" is to cut down retail profits.

Nothing could better please the money monopoly than the encouragement of this artificial hostility between two sections of society. And while reformers are concerned only with their irrelevant moral prejudices, producers and consumers will remain parted asunder by an unbridgeable torrent of milk.

### A NICE WORD, "RECONSTRUCTION"

The reconstruction of the capital of Dorman, Long & Co., Ltd., the great iron and steel works, though following the lines of normal commercial development, affords yet another clear example of how every other interest of society is sacrificed to banking interests.

Briefly, arrears of interest are cancelled on the non-cumulative second preference shares, and the preferred ordinary and the ordinary shares are reduced from £1 to 5s. and 2s. respectively. In other words, the claims of the banks, directly and as Debenture holders, are paramount, and the claims of those whose investments represent savings out of earnings, are amongst the also rans. All classes of genuine investors are sacrificed to the bankers' claims: fresh stock is issued to them under various titles, notably by a "re-increase" of 6½ per cent. preference shares to the amount of £2,857,972, and "one half of the profits available after payment of the interest" (on the existing bank loans) will be used to repay the indebtedness. The Debenture Holders' Committee states that all the payments to the banks are to be made "before any dividend is paid upon the 6½ per cent. non-cumulative preference shares."

And so on and so forth.

This placing of the banks' claims first will be conventionally regarded as what is honourably due to those whose financial assistance has been greatest. But the point to note about the banks' claims is that their contributions are created out of nothing and cost them nothing, while the



contributions of other shareholders are real savings, resulting from someone's work or enterprise. And the general effect within the present money system will be to withdraw from circulation and cancel a still greater proportion of the money represented in the prices of the firm's products. The gap between purchasing power and prices in the community will be increased.

#### C'EST DROLE, N'EST-CE PAS?

"A far-reaching crisis is expected by the wine-growers of Southern France, and the Government is being called upon to take action," reports the *Financial Times*.

Does this mean that France is going dry? No, it means that it is wetter. It is true many French cafés display a notice: "Average age of a drinker of water, 59. Average age of a drinker of wine 63." But this is a wine-merchant's advert., not a warning to teetotallers. (We never discovered who those two French water-drinkers were).

No; the calamity is orthodox. Voilà: "French Wine Glut Growers Severely Hit by Bumper Harvest."

So the French must drink less wine because there is more of it. The total production for 1934 is estimated at eighty million hectolitres, as against sixty-seven million for 1933. Owing to Nature's niggardly provision of a good harvest the French are poorer by a thirteen million increase.

So doubtless the Government will prepare a scheme for reducing supply to effective thirst, and compensate the growers for loss caused by gain. By paying them not to sell, instead of paying people to buy, it will enable growers to tide over the bad time due to a good year.

When we think of that thirteen million hectolitres going down the drain, we wonder whether there is any chance of the people who say there is no shortage of purchasing power falling in and getting drowned.

#### AND NOW PORK

Bacon imports have been successfully reduced. Consumers may be eating less or paying more, but consumers don't matter; we are discussing trade. And the great thing is that bacon is being kept out.

But what about pork?

As if to avenge the rebuff to its family, it is coming in all the more. In the first eight months of 1932 pork imports were 11,464 tons; in the same period of 1933 19,558 tons and in that of 1934 34,743 tons. Ruin, or at any rate pork, stares us in the face.

This shows the subtle underhand habits of the foreign pig. Keep him out as bacon, and he sneaks in as pork.

What can be done about these imports? Compress them at one place and they bulge at another. And until the foreigners learn sufficient manners to stop selling and confine themselves to buying, this nuisance will continue.

It may be asked: If it be true, as economists say, that this country cannot raise enough food to feed itself, why keep pork out? The answer is clear: the apple crop this year is so plentiful that it is economically necessary to deny ourselves apple sauce.

#### DR. DALTON PREPARES FOR FASCISM

Dr. Hugh Dalton has been mentioned as the future Chancellor. He should be; his refusal to examine the financial system will ensure him the ungrudging support of the City. On the wireless last week he gave an eloquent description of the tragedy of poverty in plenty and carefully avoided any indication of the way out. This too is fitting. The most conservative politicians have now discovered the gap between production and consumption, and, like Dr. Dalton, use their lamentations over the tragedy as a shield for their refusal to face the obvious remedy.

In his subsequent article in *The Listener*, under the spacious phrase "well-directed national planning" he covers a State Socialism of the most rigid kind. (What is the objection of these people to Mosley or Hitler). But he leaves unmentioned the vast superstructure of Finance on top of Industry.

So we have this great Socialist proposing to finance large schemes through the control and stimulation of investment. Not a thought is given to how the population are to be enabled to purchase the increased production of goods and services. In spite of obvious shortage of purchasing power

to-day, this Gladstonian Economist still assumes that incomes happen in the night.

Instead of any explanation, we get an attack on the "90,000 people getting more than £2,000 a year." Here is our "future Chancellor" assuming that the amount of money in the country is limited (by God or Nature?) and must therefore be more equally shared. Yet he depends upon the investments of this class for the financial basis of the grand schemes. And upon this illogical basis "we must organise the supply of plenty . . . build houses . . . till every family has a home of its own." Where are the incomes of "every family" coming from to pay for the plenty, and to meet rents high enough to "stimulate investment" in housing schemes?

#### How Will He Absorb Them?

All this is meaningless enough, but there is a degree of fatuity in his promise to "absorb our unemployed into useful and steady work," for which we do not like to blame him. For we are not in a position to analyse the complex which prevents a man in his position from seeing that the unemployed never can be absorbed into steady work, save by the voluntary activities of paid leisure. We can but comment on the issues he so carefully avoids. He commits himself to unemployment as the basis of everyone's income, gratuitously assuming that, in a labour-displacing age, this would be enough to buy the plenty, at prices that would continue the inducement to investors. He premises that "sensible planning" "might be controlled by the community itself." Now, a "community" cannot plan, any more than it can shout down a single telephone. He means "for," not "by" the community; and this confusion of prepositions is all that Fascism asks. He relies on voluntary investments for schemes, the object of which is to re-distribute "the pool of national income." Either this implies that the national income is static, in which case the nation is condemned to poverty for ever, or else that the same inequality of rich and poor, which he deplures, is to continue. He assumes the incomes of the industrialists to be susceptible of much higher taxation, while relying on them, not only to invest, but to invest in Socialised objectives free from "private sectional advantages." This utter confusion is completed by his proposal to "plan our output of currency and credit to keep pace with our output of goods and so maintain a stable price level." If he proposes to do that, why does he rely for the financing of his schemes upon taxation, voluntary investment, and the re-distribution of an existing pool?

#### Policy That Leads to Fascism

The whole thing is incredible nonsense, but it is the kind of logical impasse in which a man must find himself who regards money as a commodity of fixed quantity, and proposes to distribute production without changing the financial system which at present prevents it being done.

The only logical end to the Labour policy of regarding employment as the only source of income, is the Fascist labour camp. The only possible result of planned production without the Socialisation of credit (which would make "planning" unnecessary) is the strengthening of our Financial Dictatorship. If the Labour Party continues in its policy of controlled production, and the enforcement of labour upon a population which has inherited the means to leisure, it will go down to history as the Party which introduced Fascism into Great Britain.

#### WHERE WILL THE MONEY COME FROM?

The longer Social Credit propaganda continues, with its broad hints that our consumable goods might as well be consumed, the more often do we hear the question "where will the money come from?"

Strong, silent Social Crediters, men of action rather than words, find satisfaction in the brief reply, "The Mint." While admitting that brevity is the soul of wit, we must agree that it is liable to rebuff the earnest truth-seeker, who cannot believe that this deep-searching question can be answered in a word. To add a touch of conviction to this blunt statement of fact some elaboration is needed.

And so to the question: "Where will the money come from?" We are now, after reference to an Encyclopaedia, in a position to reply:

Paper is manufactured from wood pulp.

Ink is made of gauze, copperas, gum arabic and water.



## The Social Credit Movement

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

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

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

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

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

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

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

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

The Social Credit case, therefore, points out that, since the banks create money on the basis of (1) a functioning industry, (2) a consuming public, and (3) stable government, which together may be defined as the "Social Credit" of the community, repayment of bank loans is impossible,

\*"Banks lend by creating credit: they create the means of payment out of nothing."—Encyclopaedia Britannica.

"I am afraid that the ordinary citizen will not like to be told that the banks can and do, create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits . . . they who control the credit of the nation, direct the policy of governments, and hold in the hollow of their hands the destiny of the people." The Rt. Hon. Reginald McKenna, Chairman of the Midland Bank and former Chancellor of the Exchequer.

unless the community is credited with the monetary value of the resources it has brought into being.

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

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

The cause of the present distress having been analysed, the obvious remedy is pointed out in the second paragraph of the Social Credit case. This is, to place in the hands of the members of the community enough purchasing power to enable them to buy everything they are able and willing to produce.

The method of doing this is fully described in the writings of Major C. H. Douglas, who first analysed the root cause of the trouble. Essentially, it will be by means of

National Dividend, which means an income for every member of the community in addition to any money brought in by work or savings.

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

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

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## SOCIAL CREDIT MOTIFS

### IV. The Time Element as Will to Power

"To say that at some time or other the money (represented in prices) has been distributed is in the nature of a general assertion which does not bear upon the specific fact. The mill will never grind with the water that has passed."

C. H. Douglas.

In answer to the critics of his demonstration that money is not available at the right time, Douglas presents a vivid material picture. The whole of his analysis recognises the flowing world, and his solution of the modern problem rests upon the observation that the rate of flow of prices and the rate of flow of purchasing power are unequal, purchasing power always lagging behind prices.

The reasons for this inequality are demonstrated to have a technical aspect in the money system, and the remedy proposed commences there. But its cause is found deep in the social order; and the social order deep in human psychology, reflecting the cravings of the Will to Power.

In *Economic Democracy*, where the principles of social credit were first enunciated, the early chapters are devoted to this examination, with an extraordinary concentration and clarity. The various current proposals—capitalistic, socialistic and idealistic—for remedying the obvious evils, are shown to lack cogency through failure in technical analysis. That failure is attributed largely to preconceptions which prevent a real consideration of the facts. And the preconceptions are seen to arise from neglect of the psychological key to the world order.

"The danger which at the moment threatens individual liberty far more than any extension of individual enterprise is the Servile State; the erection of an irresistible and impersonal organisation through which the ambition of able men, animated consciously or unconsciously by the lust of domination, may operate to the enslavement of their fellows . . . ."

In attacking capitalism, collective Socialism has largely failed to recognise that the real enemy is the will-to-power, the positive complement to servility."

The later chapters of *Economic Democracy* offer fundamental challenge to the moral and technical principles which serve to maintain the monopoly of money in control over human affairs. They trace the imperious progress of the Will to Power, in its utilisation of the money system to bring about the structure of society in the form of a pyramid, with finance as the apex.

#### The True Expression of Power

In contrast to this operation of the will in its craving for power over other men, is set the sane and wholesome satisfaction experienced by men in exercise of the will to attain mastery over things. The delight of that mastery over things is shown to be the common human impulse which moves from marvel to marvel in discovery and use of the natural forces inherent in the world.

And so deeply is this impulse felt to be the true human expression of power, that the technique of Social Credit is devoted, not merely to solution of the money problem, but to its solution in such a way that men may be freed for pursuing this happiness without let or hindrance.

From this it follows, as the Douglas Proposals have been bold to affirm, that the exercise of human ingenuity in the conquest of Nature can be retarded by the perverse will, but that it cannot be stopped. And the sharpening of conflict between the perverse and the healthy will is unavoidable, for the profounder impulse rises in a great tide of fruitfulness. Against this tide the retarding forces beat in vain; they are out of time. They can but hinder a little here, and destroy a little there.

Carried upon the stream of their own productivity, men begin to challenge the instrument of perversity, the "error" in timing the provision of money for distribution of the world's wealth. The perversion is strong and concentrated, but it is rigid and therefore vulnerable. The normal impulse is stronger, for it is flexible and diffused throughout humanity. It must triumph, for it is always timely, flowing to the point of need.

The Will to Fulfilment challenges the Will to Power, and the issue is not in doubt. Hence the wisdom of relying utterly on men's good sense, and dealing with the perversion directly, through the money system, by correcting the "error" not discarding the instrument, and leaving its profound effects upon the social order to unfold in orderly sequence, and the redemption of the human will to follow.

For in this way faith is placed in the character of ordinary men, and their harmony with time is emphasised. In many places in his writings, Major Douglas refers to the effect of men's achievements upon their consciousness, and assumes that men in general are as able to deal with the situation their collective genius has brought about, as they are unable to adjust themselves to the lie which is thrust upon them by the time-lag of the financial system.

For the truth behind human affairs is that whilst all things are in Time, Man is always in the present or Eternity. Consequently, the correction of errors in that which is subject to time, must in the nature of the case bring human affairs more into harmony with that which is both their source and their end—Man. The discrepancy between the rates of flow of purchasing power and of prices creates a condition of falsity which must be overcome. Man exists in truth and not in lies; He is whole; and what he is must be reflected in the organisation of the social order, and by the mechanism of money through which social values are interchanged.

#### The Strongest of Tyrants—Money

Both the distorted vision of the power-maniac, and the social disorder he creates, are maintained by this frail artifice of money—a ridiculous affair. But it is successful beyond other forms of tyranny, for it has been impossible for ordinary men to believe that their purposes were actually being frustrated by paper and ink and entries in books; and that power beyond any tyrant's dream was bestowed upon a few by the same absurdity. Much less could he really believe that the simple device of an error in timing the issue and recall of money, though swollen to vast proportions of universal debt in the world's endeavour to correct it, has been the superlative instrument of the Will to Power.

Not until Douglas had seen it for himself, and shown the world, did men begin to see that *the power resident in money is that of Time*. But the unfolding of events has made it clear that such is indeed the case; and the enlargement of our human understanding has disclosed the search of the perverted will for power without responsibility, of which the private monopoly of money is the supreme instrument and symbol. If we correct the time element we destroy the power. And money, as the powerless servant of men, will become the swiftest instrument of our release.

DEMOS.

#### NATIONALISM AND THE BANKS

The penultimate reliance of finance is upon international loans, the granting of which has enabled the political life of the borrowing country to be controlled in the interests of the foreign bondholders.

A new situation is now created by the inability, on an immense scale, of international borrowers to honour their bond. Many new loans are made solely to enable the borrower to repay a former loan by mortgaging a more distant future; they represent no increased productivity. The situation of all the great national borrowers previously drawing from centres of financial creation in Europe and the United States, is the same. They can no longer be relied upon to observe the political conditions attached to their borrowings, and even the interest on their loans is insecure, while the principle is definitely irrecoverable. Bankers will lend on no security rather than not lend at all and they have exhausted their devices for "reviving" the trade of the world whilst leaving the financial system of cost accountancy intact.

In their efforts to preserve that system they have gone far to presume a security which no longer exists. But behind the façade, nemesis has arrived, and the financiers are driven to their ultimate security: the security afforded by their creation of internal loans, guaranteed directly or indirectly by the Governments of the countries in which each Central Bank operates and whose Chancellories it controls. These are the reasons, uninfluenced by care for the peoples' welfare, or any generous attitude towards internal trade, which lie behind the recently declared concern of the banks in this country for home industries.

(From *Purpose*, October-December, 1934, pp. 142-3).



# THE CISTERN AND THE FOUNTAIN

An Analysis of the Psychological Resistance to Social Credit\*

by the REV. T. DIXON, B.A.

**S**Ocial Credit offers to the world a state of leisure and plenty. To the intellectual it offers greater opportunities for development, a greater freedom for the individual and the freeing of artistic and scientific activities from commercial shackles. To the ordinary man it offers comfort and security unaccompanied by grinding toil.

## Men Do Not Yet Desire Leisure and Plenty

Yet the Social Credit advocate finds again and again that his great difficulty is not to persuade people that Social Credit is possible and practicable, but to persuade them that it is *desirable*. And until man desires a state of leisure and plenty, it is impossible to convince him that it is possible. *He prefers an unreasonable argument for the inevitability of scarcity to a reasonable argument for the possibility of plenty.* His mind is deliberately closed to all our technical arguments.

It may be of interest and utility, therefore, to consider this widespread psychological resistance to Social Credit, and I would suggest that our problem is at least as old as the culture of Western Europe.

## Our "Unnatural" Idealisation of Work

Western man is almost alone among the men of many cultures in regarding work for subsistence as a natural and laudable necessity. By the Greek, the Egyptian, the Chinese and the Indian, a state of leisure was regarded as natural, and the ignoble activity of work for subsistence was performed by slaves or men of low caste. To us, however, work is almost a religion; we are persuaded to be miserable without it and to despise those who do not perform it. This unnatural attitude requires some explanation and I would suggest that it is due to a servile and destructive spirit which seems to have played a predominant part in the development of our cultural history.

## Man a Defaulting Cashier; God a Jealous Auditor

The poet William Blake, in one of his "Proverbs of Hell," gives this destructive spirit a symbolical name. The Proverb reads, "The Cistern contains, the Fountain overflows." The spirit of the Cistern to Blake, was something cold, unimaginative, shrewd, constrictive, careful, always playing for safety. It sought to save life by suppressing it, and thereby destroyed life. The true saviour of life was the Fountain, joyous, overflowing, careless, loving, forgiving, heedless of danger. In its full, abundant flow it proclaims that whoever will save his life shall lose it, and whoever shall lose his life shall save it.

Perhaps nowhere is the antithesis more clearly exhibited than in the Cistern outlook of Milton, who sought to "justify the ways of God to man"—and incidentally showed man as an Adam like a defaulting cashier and God as a jealous auditor—and the Fountain outlook of Shakespeare, who sought to "hold the mirror up to Nature," and make a good life. And the student of our Western culture can discern the influence of these two opposing spirits from its earliest beginnings up to the present day.

## Mediaeval Piety: Hatred of the Fullness of Life

During the Middle Ages the Cistern seems to have been largely in the ascendant. Piety seems to have been identified with a hatred of the fullness of life. The ideally righteous was the monk, who crept away into a corner and refused to live. In the intellectual sphere, no freedom of thought was permitted. Intellectual gymnastics were indulged in, but only on the stage afforded by the fixed dogma of the Church.

In one sphere, however, the Fountain would seem to have found some expression. Spengler suggests that the Romanesque and early Gothic architecture gave evidence of a spirit desirous of knowledge of the Infinite, conscious of power, overflowing with vitality, uneasy, active, chafing against the limitations of matter. In the conception of the Gothic cathedral, the Fountain soars towards the skies, yearning for eternity and infinite distance.

\*From a paper given on September 26, to the Sheffield Social Credit Luncheon Club.

## The Renaissance: Intellectual Freedom and Science

Not until the first upsurging of the Renaissance was man freed from this intellectual bondage, and for a brief space the Cistern suffered a defeat. The culture of Western Europe saw a joyous fulfilment of intellectual and spiritual liberty such as has never since been repeated. The Fountain overflowed in a torrent of prolific vitality. Unfortunately, however, this new intellectual freedom of the Renaissance divided into two streams. One remained typical of the Fountain, represented by an entirely new method of examining reality. This was the Baconian or scientific mode of thought. For the first time in history a determined, sustained and systematic effort was made to wrest from Nature her secrets. The body of knowledge accumulated by science thus became more sacrosanct, more holy, was guarded from the pollution of untruth with a more singleminded zeal, than the mysteries of any religion. For this is probably the most important achievement which followed on the Renaissance.

## EFFECTS OF THE PURITAN REFORMATION

### Beauty and Creative Desires Condemned

Through the second stream which proceeded from the new intellectual freedom, the Cistern destroyed all the colour and beauty of the Renaissance. Intellectual freedom demanded a religious reformation, and it is one of the calamities of history that the reformation which took place should have been almost wholly dominated by the Cistern, and such that Goethe could describe it as one of the greatest misfortunes which have befallen the modern world.

With all her faults, the Church previous to the Reformation gave a certain security and comfort to her children, and there was beauty, colour and life in the banner which she raised over them. The Reformation abolished all this. As Spengler remarks, the Reformation substituted for the comforting worship of the Saints, the panic-stricken fear of the devil. Of the arts, organ music alone remained, and "out of the Gothic wealth of colour, there remained black."

Under the rule of the witch-finders and rigid moralists even science and freedom of thought were checked for a space; but, though man might not think for himself, he had to fend for himself, with no companion in his lonely soul save the conviction that life in this world and the next would become a struggle in which the Devil would take the hindmost. It is significant, moreover, that the Puritan God in "Paradise Lost" employs methods in his struggle with Satan which would be barred from any self-respecting prize-ring.

### The Puritan Fear of the Flesh

The Puritan took command, and he hated colour and beauty and joy. William Prynne, the persecutor of Laud, wrote in his pamphlet, "The Unloveliness of Lovelocks":—"Man's perfect Beautie . . . consists . . . in the inward endowments, Ornaments, Trappings, Vertues and the Graces of the Minde and Soule, in which the Excellency, Essence and Happiness of men consist. This is the only Comeliness of Beautie, which makes us Amiable, Beautiful and Replendent in the sight of God, of Men and Angels. This is the only Culture and Beautie which the Lord respects." And—"A Studious, Curious, Inordinate and eager Affection of Beautie . . . must needs be sinfull and Abominable; yea farre worse than Drunkennesse and excess of Wine . . . because it proceeds most commonly from an Adulterous, Unchaste and Lustfull Heart, or Meretricious and Whorish Affection."

The worst crime of the Puritan was his destructive fear of the creative desires of men. Anthony Ludovici, in his "Defence of Aristocracy," stresses the importance of the fact that under Puritan rule, good old English Ale, brewed from pure barley malt, ceased to be the staple beverage of the English people. Instead, the ale was adulterated with hops and the people began to acquire the habit of tea and coffee. However important or unimportant this may be, the fact remains that the old ale made men cheerful and stimulated the passions, whilst hop beer, tea and coffee depress the passions. The substitution may or may



not have been intentional, but there can be no doubt regarding the Puritan fear of human desires. Any sort of curb which might render impossible the due expression of human desires would be eagerly seized upon. Such a curb, and a very effective one, was provided by a new heresy which now took possession of men's minds.

#### THE NEW HERESY—WORSHIP OF COMMERCE

##### To Keep Men out of Mischief

This heresy was worship of commercial advantage—a true mammon-worship—which lives to-day and imposes an iron discipline calculated to keep men out of mischief. According to its values, the good were those who worked hard and whose pleasures were few, and their pious heads were anointed with the oil of material prosperity.

It was a creed of hard work: nothing was to be allowed to stand in the way of commerce. Commerce was placed on a divine pedestal. Before its altar man has been unscrupulously sacrificed. Its work has been accomplished by the ruthless tearing down of all that was unsuitable to its purposes. Every creature was either converted to usefulness or broken and cast aside. The British peasant stood in the path of the woollen merchant, and was left a landless and masterless man, to be later converted into a proletarian wage-slave. King Charles the First, withstanding Commerce on behalf of himself and the mass of his subjects, was murdered. Aristocracies were crushed: aboriginal inhabitants of whole continents were obliterated. Nothing was allowed to matter except work and commercial expansion. In his book, "Monarchy and Money Power," Dr. R. McNair Wilson recounts how from time to time champions of the romantic and aristocratic values attempted to stand in the path of Commerce, but the last important attempt was to end with Napoleon the Great on St. Helena. The Cistern was to rule the earth.

##### The Result: Command of the Earth's Products

The rule of the Cistern has been vulgar and degrading, but it has produced the most startling effects. The entire inhabitable earth is at our command. We can wrest from Nature her produce in any quantity and every variety. Nothing that man can enjoy is beyond our reach. This triumphant result is due, of course, not only to the grinding toil of the slaves of the Cistern, but also to the romantic efforts of the adventurers inspired by the Fountain. The scientist asked for little material reward, and the grudging spirit of the Cistern saw to it that he and his fellow adventurers were allowed no more than that little. Many have worked in poverty and died in want. Yet through the centuries they have continued their efforts. They have left us the Earth for our heritage and the fulness thereof. They have bequeathed to us machines, which can do practically all that man-power can do, and more of it. West European man has flooded the world with his goods and gathered for his use the rare products of other lands. He has built the dazzling edifice of modern economic organization.

##### One Country Alone Can Produce More than the World Could Consume

Yet this organisation would seem to have been specially designed to serve the purposes of the Cistern. The mechanism of production is, of course, admirable. We could easily produce a multiple of what we now produce with the expenditure of no more human effort.

The total energy of our machinery cannot be imagined. The United States alone can develop mechanical energy to the extent of one billion horse-power, representing when running continuously the work of thirty billion men. This amount of energy alone is more than sufficient to feed and clothe the entire civilised world, and we have in addition the huge power of Britain, Germany, Japan and other countries. There need be no more scarcity in the world, and yet the world is in want.

The world is in want because it has always been the first canon of Commerce that only those who participate in industry may participate in its awards. Even the rentier class, though apparently receiving unearned incomes, have first been compelled to provide money or land for the use of industry. The industrialist has always sought to give the smallest possible amount of goods for the largest possible amount of money, thus lessening the purchasing power of the people.

The financier has encouraged this practice, for the employer who gave smaller wages, made more profits and got more work out of his workpeople was the safer investment. Credit has been granted to the producer of machines rather than to the producer of consumable goods, because his security was more stable. And because the banker wished to recover his loans at the earliest possible moment, he gave his special patronage to the merchants who could command easiest and quickest returns, neglecting the merchant who gave best value for money and paid good wages.

It is plain that the Cistern has created the industrial system in its own image, and yet the financial system as a servant of the Cistern is even more efficient. *The factor chiefly responsible for delivering the modern world into the bondage of the Cistern is the flaw in the method of accounting costs and prices discovered by Major Douglas.*

#### ABUNDANCE WITHHELD BY THE FINANCIAL SYSTEM

##### The Flaw in the Price System

This flaw ensures that goods produced in any country must always be priced at a figure greater than the total amount of money received by the people during their production. Consequently, the total quantity of goods produced in any country can never pass into the hands of the people of that country for their use. *Because of this, the people of England have toiled for a hundred years in return for the use of only a fraction of the goods they have produced; the remaining fraction has been sent abroad as foreign investments.*

This is the cause to-day of international trade rivalry and the threat of war. It is the cause of unemployment linked with poverty, for if goods cannot be sold, they may not be produced; the man who no longer produces being given no more than a miserable dole, thus further reducing the buying power of the people. (And even this dole is deducted, by contributions and taxation, from the buying power of the nation). It is the cause of poverty amidst plenty and the chief weapon of the Cistern in its war on life.

##### Why We Do Not WANT Leisure and Wealth

It is evident, then, that there are at least two major obstacles to the application of Social Credit. One is the vested interests whose power would depart if the monetary law were corrected. At present, since money and credit are artificially scarce, the great Banks with their monopoly of money are in a position of great power.

To quote the Papal Encyclical, "The Social Order":—"It is as if they owned the very air we breathe."

And indeed, they control the whole of the world's resources, as Napoleon the Great once prophesied they would.

Another, and I think the greatest obstacle is the fact that most people instinctively dislike the principles involved in the administration of Social Credit. The Cistern has worked too well; it has been the moulder of our lives too long for the people easily to accept the principle of the free gift of money, by which Social Credit would work. The principle of free giving belongs to the Fountain; to the Cistern it is anathema.

The price reduction and the distribution of the National Dividend would benefit alike the just and the unjust, the employed and the unemployed, the poor and the rich. That, as Major Douglas remarks, is why his principles are opposed by the Labour Party—he does not propose to create a state of work for all in which the rich would be punished. The Labour Party, offspring of industrial Nonconformity, has been reared in a peculiarly Cistern-ridden atmosphere.

##### Freedom and Leisure Held in Suspicion

As long as the world is poisoned by the Cistern, leisure and freedom will be held in suspicion. And the supremacy of the Cistern is so long standing and so deeply entrenched in the very souls of the people, that the task of destroying it is probably the greatest that man has yet had to face.

How far the world is from accepting the free gift of leisure and wealth can be judged by a glance at some of the economic quackeries which are being canvassed by politicians and approved by the mass of the people all over the world.

To begin with, the people are not asking for leisure. All they ask is more work. *In a world full of machinery conceived to make work unnecessary, everybody wants work.* None of the false political prophets offer leisure and wealth

(Continued on page 144.)



## Yet They Want More Work !

Below are recounted a few examples of the extent to which modern inventions are rendering human labour unnecessary, and confronting governments with the urgent duty of establishing a source of public purchasing power independent of wages and salaries.

In 1907, 121,000 workers in Great Britain produced 8,200,000 dozen pairs of footwear.

In 1930, 108,000 workers in Great Britain produced 10,000,000 dozen pairs of footwear.

Dr. A. C. D. Rivett, Chief Executive Officer of the Council for Scientific and Industrial Research.

In 1933 the famous Bata boot factory in Zlinn, in Czechoslovakia, reported the invention of a machine which needed only to be fed with leather and thread. Then, without any human agency, it proceeds to manufacture boots and shoes, which need only the insertion of laces to be ready for wear. (The machine is not being operated. This, however, is not because it is inefficient—far from it—but because it is too efficient, and would, if operated, throw too many people out of work.)

A lamp-making machine, also invented in 1933, would enable the German Osram Company to supply the whole requirements of the German markets in a few weeks if the new machine were allowed to operate continuously at full capacity.

The following figures, given by the President of the U.S.A. Chamber of Commerce as long ago as 1926, are typical of Industry as a whole :

- 1 man, with 1 bottle-making machine, replaced 54 men.
- 1 girl, with 6 rib-cutting machines, replaces 25 girls.
- 2 men, with 1 coal conveyor, replace 50 men.
- 1 man, with 1 window-glass machine, replaces 20 men.
- 1 man, with 1 cigarette-wrapping machine, replaces 100 men.

The world depends upon its food supply. League of Nations figures quoted by the Macmillan Report show that while the world's population increased 10 per cent. between 1913 and 1928, its production of food during that period increased 16 per cent.

The discovery of how to make nitrates synthetically reduced Chile's export of natural nitrates from two million

tons in 1923 to one and a third million tons in 1925. At present, therefore, the world is overstocked with a food-forcing chemical.

Professor Soddy estimated that four thousand men equipped with modern machinery could produce the whole of the U.S.A.'s wheat crop.

The harvesting combine machine reaps, shocks, loads, hauls, stacks, and threshes the same day. In the morning the grain is growing; in the evening it is ready for the elevators.

A single Californian hatchery, with an incubator capacity of 500,000 eggs at a time, hatches three million chickens a year by electricity. Again, four to six cows can be milked at one time with an electric milker, of which in 1926 there were some 100,000 in the U.S.A. alone.

Enormous as the present output of the machine is, it is little to what it could be if the machine was allowed to operate under congenial economic conditions. The late Mr. H. L. Gantt, one of the world's foremost efficiency engineers, gave as his considered opinion that the efficiency of the U.S.A. industrial machine was barely five per cent. of what it could be without any expansion of plant whatever. This was in 1919, and while no one's estimate is more severe than Mr. Gantt's since that date, no qualified person has been found to state that the world's machine operated, on the whole, at more than fifty-five per cent. of its full capacity and efficiency.

The white collar industries and professions are not immune from the machine's blessings and curses, its labour-saving and its labour-ousting.

1933 saw the installation in the City office of one of the "Big Five" banks, according to the *Sunday Express*, of a machine four feet high, like a mammoth typewriter with levers instead of keys. Operated by one girl and doing the work of sixty bank clerks, this machine deals with sixty thousand separate ledger entries in an hour; records the code numbers of the client and the cheque, the amount paid in or out, the total balance and interest due, and if the machine makes a mistake it shows a red card.

**Yet the Government and the Labour Party both say that the State's first duty is to find more work!**

CISTERN AND FOUNTAIN *cont. from page 143.*  
to the people. Communists, Fascists, and every brand of democratic leader, all offer to provide employment and this without realising what miracles they promise to perform.

*It is as though they were to propose by some magical process to change the food of the five thousand into a few small loaves and fishes; to change the wine into water; to make the sun turn backwards for a hundred years.*

During the 1931 election we found wisecracks proposing to remedy under-consumption by consuming less, and to rectify over-production by producing more; and it was profoundly saddening to listen to the general approval of this policy. The opposition programme was almost identical, except that the Labour Party differed as to who were to consume less, and how much less they were to consume.

### A Pogrom Against Inventors?

Britain is not alone in this idiocy. In a world potentially so prosperous and actually so poverty-stricken, every nation is bent on finding more work for its people and reducing the quantity of goods they consume, in spite of the plain fact that *there can never again be work permanently for more than a fraction of the population of this mechanised world.*

There is no limit to the ridiculous measures which may yet be taken. In view of his subsidies to firms which refrain from using certain improved machinery, and the penalties he imposes on the firms which do use it, one is tempted to prophesy that Hitler's next pogrom will be directed not against Jews, but against inventors. Mr. Roosevelt has gone a step further, and subsidises farmers for not producing pigs.

**The frantic efforts of every Government to find work for its people cannot fail to bring about the most fatal consequences.**

International trade competition must inevitably increase in bitterness and lead straight to war on a world-scale. To-day, all varieties of crops, the abounding gifts of generous life, are being ploughed into the earth, and more and more land left untilled. Every department of industrial activity is being sabotaged. Worst of all, is the growing disinclination of the human population to procreate, and, as Eimar O'Duffy shows so admirably in his book, "Life and Money," the world is engaged, under the spur of poverty, in a species of chemical war on the unborn.

### A Prejudice Too Deep-seated for Logic

If this analysis has value, one or two important questions are raised. It seems that the Cistern's domination has produced a widespread hatred of leisure and plenty which is more than a habit of mind. It is secure, therefore, from the assault of logic, for it is seated in the very soul of Western man.

This consideration might have some influence on the nature of our propaganda. The question arises: are logic and technical teaching valuable enough to merit the prominence we give them? Ought we not rather to spend more time in trying to remove prejudice, and to be more patient with prejudice if we believe that it is due to influences which have such a long and potent history?

Most important of all, perhaps, ought we to continue to emphasise the material benefits of Social Credit, or to emphasise rather the responsibility it will bring; stressing the idea of leisure as a sacred vocation, rather than leisure as idleness? The appeal to self-interest can degenerate into the very spirit of the Cistern.

It may be that if we can distinguish what forces are spiritually with us and what forces are spiritually against us, and take care to employ only the former, then our propaganda will grow in strength and effectiveness.



# DEMOCRACY AS A BIOLOGICAL PRINCIPLE

## The Comparison between the Human Body and the "Body-Politic"

ONE of the most fruitful sources of error in thinking is the use of false analogy. Take, for example, the phrase, "the body-politic" as it is frequently applied to the Community at large, and which implies that communities of people form units in which the various individuals play a part analogous to that played by the various tissues and organs in our bodies.

That such a concept embodies an ideal to be striven for, few people will deny, but that it represents anything approaching reality in states as they actually exist is radically false.

The unit in the human body is the single cell, as the unit in the community is the individual human being, but there, at present, the similarity ends. Although the single cells are grouped together into various working units which we call organs, e.g., the lungs, heart, and brain, this association occurs automatically, by the "free-will" of the cells concerned, so to speak, and they are not coerced by any other cell or set of cells.

The human body "works," and on the whole it works wonderfully well, but it is not a "Work-State." It is neither a chaos like our present political work-states, nor yet a "planned economy" such as many reformers dream of. There is no evidence whatever, of "planning" in this sense.

The religiously minded man, will, of course, claim that the human body is part of the Divine Plan. I am not here concerned either to defend or deny that statement. I would merely point out that it is irrelevant to the present discussion, and that to use such a comparison is another example of false analogy. When the reformer speaks of planned economy he has in mind a state in which certain *men* shall plan the programme of production to be carried out by other *men*. To make the analogy true we should have to maintain that the cells of the brain, for example, issued orders as to what was to be done by the heart, liver, lungs and intestines. And in maintaining this, we should be guilty of the profoundest error.

### The Limits of "Natural Selection"

How then, has the human body reached its present marvelous state of efficiency? From the time of Darwin many biologists would say that it is the result of millions of small variations brought about by the action of Natural Selection, the struggle for existence and the survival of the fittest. So that it would seem that external coercion has, after all, played an overwhelming part in the evolution of the human body. This conclusion, however, overlooks several important facts.

Evolution is variation. Now, it is true that natural selection stimulates variation within certain rigidly determined limits. But a point is reached where the unmitigated action of natural selection will inhibit variation in an organism. It is the point where the struggle for existence becomes so keen that no variation which is not immediately profitable to the organism can be tolerated. It is precisely the same impasse as has been reached in human communities to-day, where many works of a highly desirable nature from the point of view of the general welfare, cannot be undertaken in this competitive age, because of their "cost."

Had there been no biological mechanism to counteract the inhibiting effects of crude natural selection, it is safe to say that evolution would have not have progressed beyond the protozoa. The mechanism employed was that of association. The one-celled creatures gradually combined themselves into colonies, so that the new organism was composed of many cells. With the help of its fellows it was now no longer necessary for the individual cell to bend all its energies on the immediate problem of existence. It had leisure and freedom to vary in ways not immediately profitable to itself. And this, when all is said, is the essential meaning of democracy,—the freedom of the individual to please himself.

Many of the variations of the individual cells ultimately turned out to be of the greatest value to the organism as a whole. Some developed their sensitivity to light, and laid the foundations of the human eye, others developed the power of contracting and relaxing themselves and became the earliest form of muscle fibres, others again concentrated on the conduction of impulses and became nerve fibres, while others became bone, skin, blood-vessels, or

digestive organs, till the human body as we know it, was evolved. With each advance, the whole organ benefitted and became more likely to survive, and all its cells enjoyed the *unearned increment of association*, but this was only possible because there was *no picking and choosing beforehand* of the variations which seemed likely to be important.

### Where Did You Get Your Brain?

Some variations, indeed, seem not to have been so. There are many organs and tissues in the human body which are of no conceivable use,—like the appendix, which seems to exist solely to put fees into the pocket of the surgeon who removes it. But nature knows nothing of our "rationalising" tricks and does not deliberately destroy apparently useless organs. We tend to think of her as the great Innovator. We forget that she is also the great Conservative. Some day or other she may have use for these stones which the "rationalised" builders would have rejected. That has happened before now. There was once a creature who ceased using its old intestinal system, and evolved a new one. But the old one was not destroyed. It was left to its own devices, and lo and behold! it became the brain and central nervous system of which Man is so justly proud.

So it would be in the larger bodies into which human communities might grow if we would cease our interfering tricks, and give Democracy a chance. Here is a lazy little fellow who will not work, but prefers to stay at home to watch his mother's kettle boil. Leave him to dream and he will transform the face of the world you live in. Here is another who loathes making pills but wants to write poetry. Well, why not? There are ten thousand pill-makers as good as he, besides the machines which are much better. But there is only one man who can write the *Ode to the Nightingale*.

Of course, every idler is neither a James Watt nor a John Keats, but the point to grasp is that no one knows beforehand which of the idlers will turn out geniuses. All we can do is to make it possible for the idlers to live. And since machines are now doing more and more of the work so that it is impossible to find work for the idlers anyway, it would seem to be desirable to frame an economy on the lines of the blood circulation which is the economic system of the human body, in which every organ automatically gets its sufficiency of blood, while those which are immediately active get a little more.

Then, at last, we might with justice speak of the Body-Politic.

NEIL MONTGOMERY, M.D., D.P.M.

Despite the fall in sterling, gilt-edged stocks have remained firm—an indication of the confidence felt in the economic condition of the country.

This is one of the soothing ways in which the financial experts of the daily papers announce that, because the shortage of purchasing power renders so much of our industrial production unsaleable, there is a *lack* of confidence in other forms of investment.

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# A STATEMENT OF TRUTH

## Further Notes on the A + B Theorem

THE previous article concluded by stating that the A + B Theorem of Major Douglas, by relation to the explanations already given on these pages, is shown to be a statement of fundamental truth.

The exact terms of the proposition are as follows, with numbers inserted corresponding to the numbered notes appended below:—

(1) That Wages, Salaries and Dividends (2) distributed (3) during a given period (4) do not, and cannot, buy the production of that period; (5) that production (6) can only be bought, i.e., distributed, (7) under present conditions (8) by a draft, and an increasing draft, on the purchasing-power distributed in respect of (9) future production, (10) and this latter is mainly and increasingly derived from financial credit created by the Banks.

(11) A factory or other productive organisation has, besides its economic function as a producer of goods, a purely financial aspect. It may be regarded on the one hand as a device for the distribution of purchasing-power to individuals through the media of wages, salaries, and dividends, and on the other hand, as a manufactory of prices,—financial values. (12) From this standpoint its payments may be divided into four groups:—

Group A. All payments made to individuals. Wages, Salaries, and Dividends.

Group B. All payments made to other organisations Raw Materials, Bank Charges, and other external costs.

(13) Now the rate of flow of Purchasing Power to individuals is represented by A., but since all payments go into prices, the rate of flow of prices cannot be less than A + B. Since A will not purchase A + B a proportion of the product at least equal to B must be distributed by a form of purchasing-power not comprised in the description grouped under A.

### Principal Points For Study

Readers of SOCIAL CREDIT are now competent to analyse this proposition for themselves, and at this point should proceed to do so in their own terms, as an exercise of extreme value and interest. The summary of principal points hereunder may then be used for convenience, and expanded in detail or added to as the reader's analysis proceeds. The numbers refer to those inserted in the text of the proposition.

1. These terms include *all* the Effective Demand recognised by the present system of finance-economics.
2. The circulation of money (effective demand) is; (A) creation by loan-capital; (B) issue from productive industry as (1) above, as part of cost; (C) recovery by price, cancelling costs, and (D) destruction by repayment of loan or redemption of capital. Therefore money, prices, and goods flow outwards through the same channel of industry.
3. A production cycle from raw material to consumption is one accounting unit, but loans and financial transactions are of arbitrary period. At any one time production of all types of goods and at all stages of process is proceeding concurrently, while ultimate or consumable goods are being destroyed by consumption. Therefore the proper (and only) analytic method is to take a specific period in time, and summarise *the financial values created by production*, and *the financial values destroyed by consumption*.
4. The only market for goods is the effective demand, called money in the hands of individuals, which must first be issued as part of cost. See (12) below.
5. Production consists of *Capital* goods, the permanent and semi-permanent assets of the social community and of industry; *intermediate* goods such as the raw materials produced by extractive industries for conversion into consumable goods, and tools or perishable plant for making such goods; and *consumable* or ultimate goods, required *by individuals* for consumption. Since capital and intermediate goods last indefinitely longer than consumable goods, in each "period" there is a surplus of production carried forward.
6. The economic function of "distribution" is absolutely dependent upon the distribution of effective demand, or money; ninety-five per cent. of money available as purchasing power is issued as wages and salaries and five per cent. as interest on invested capital, and all effective demand is issued as part of cost.

7. Present conditions are the complete subordination of the economic system to the "quantity law" of money, and the financial profit and loss system operated thereunder.

### The Bankers' Only Law: Boom and Slump

This "law" is based on the quantity of gold held by the central bank, the varying amount of which "regulates" the quantity or financial value of bank deposits created or destroyed at the absolute discretion of the money monopoly. The only regulating medium available to bankers is the alternation of inflation and deflation, which means the fictitious boom and the inevitable slump.

8. The word "draft" is specifically accurate, since the *price* of future production (see No. 9 below) must be carried forward and recovered from effective demand in the more or less distant future, while the wages, salaries, and dividends now issued are "drawn upon" by consumers for their immediate necessities; (financially to liquidate past costs).

9. Future production is that production during the specific period of the proposition, which is carried forward to be "consumed" at some subsequent date. In practice, the *price* or financial value must be carried forward for redemption from future effective demand, over a variable term of years.

10. Financial credit is any token or ticket or paper such as banknotes or cheques that may be used to "represent" money as universal effective demand. In this country ninety-nine per cent. of all transactions are now carried out by the cheque system without the use of legal tender. The "quantity law" of money refers to the commodity, gold, of which about £160,000,000 is held by the Bank of England. Total bank deposits and notes, however, are about two thousand millions. The difference, exceeding ninety per cent. of the gross available demand, has been created by the absolute and irresponsible authority of banking policy, by means of bank loans issued on the security of the borrower's capital assets; since these loans, when redolged by a third party, become a deposit or debt due by the banks. Therefore effective demand is now mainly bank-creation of book figures.

11. Practical economic life deals with financial values. All economic activity is conducted on the basis of financial profit and loss. The production of real wealth must be subordinated to the imperative necessity of recovering all costs in prices, plus an addition for "profit." Money, prices, and goods flow through the same channel of productive industry, which has been diverted from its technical economic function to serve a financial end. *All* purchasing-power is issued in this manner as wages, salaries, and dividends.

12. The segregation into two groups, A and B, is in strict accordance with universal accounting practice. It is an exact statement of the costing statement of one article, the production accounts of a single factory, and the summarised accounts of a complete industry. Therefore, "during a given period" it must also be strictly true as representing an account covering the whole economic activity of the nation.

### General Proof

13. Since all costs must be charged into future prices and recovered from effective demand—available in the future, the amount of effective demand, or money, in existence at any moment should be equal to the financial cost of all assets of whatever kind in existence at that moment, the cost of which must be recovered in the price of consumable goods paid for *by individuals* in the future. The aggregate of money in existence in Great Britain is now about two thousand millions sterling. There is a credit balance of foreign investments of about three thousand millions. But the specific debts now existing and chargeable into future prices total at least twenty thousand millions. Therefore, there is an immediate proved deficiency of purchasing-power representing seventy-five per cent. of the financial values chargeable into future prices, which is an accumulated effect of the defective accounting stated in the proposition.

(Continued on page 147.)



## The Case for the National Dividend

V.

### National Efficiency

The commonest objection to a National Dividend is that it would encourage laziness on a large scale.

I do not think that this objection is always genuine. Many of the objectors use it more or less consciously as a mask for their fundamental reasons which are not so respectable, which do not give a flattering picture of the objectors themselves, and are open on grounds of morals to the same criticisms as the vice of laziness. But of these more anon.

In so far as the charge of encouraging laziness is to be treated on its own merits, it relies on one or more of the following convictions:—(1) That we live in a community where there is a considerable danger that individual and social life will degenerate unless nearly everybody works really hard. (2) That the efforts now put forward are in the main satisfactory, desirable, and fruitful, in the task of saving us from the ever-present menace of decay. (3) That most people will not do their necessary share unless pressed by threats of personal want. (4) That most people will be morally ruined unless they have to work hard for what they get.

*Now every one of these statements is wrong.*

The first is sufficiently under suspicion because we no longer live in an age of inevitable scarcity. It is proving more and more difficult to provide all the available workers with jobs, even without regard to the social value of the jobs. Even when industry was comparatively undeveloped, there was a considerable number of people who never did any useful work or even anything that could be called work at all. There was also a considerable number who were engaged on jobs which meant nothing in the struggle for a livelihood wrested from Nature, though their non-economic value was often very high. These included the clergy, artists, entertainers, and some others. But such is the present technical power and achievement that at last even the economists talk of Poverty in Plenty.

### Much Work Merely Wasteful

A cursory survey of the working population and their employments shows that the amount of positive waste and negative inefficiency is stupendous. A large proportion of the printing, advertising and distributive trades are occupied with jobs which involve nothing but a waste of power and material without adding to the standards of comfort one jot. The incomes received by those so employed are no more "deserved" than those of the idlest rich. They represent nothing but a superfluous cost.

In manufacturing, an extraordinary multiplication of substantially identical products is achieved with great friction and wastage. It is this which has led Collectivists

to denounce for many years the "cost of competition" and propose to remedy it by planning and super-management of various kinds. They have not observed that a good part of this widespread and dehumanising waste is due to that very struggle for work as a means of income which, curiously enough, Collectivists are wont to insist on with their clamour that "All must work."

It is a fairly frequent thing to notice how in every sort of occupation much effort and ingenuity is expended, not on doing the job in hand, but in trying to keep the job going. Hence in the majority of professions and employments there is an increasing tendency to elaborate scales of charges, schemes of promotion, rates of wages, and conditions of work, which are designed, not from the point of view of getting done what is to be done, but to keep in the profession, and therefore in receipt of incomes, a large number of people who are not up to the average standard of efficiency for that profession.

In addition, we find that more and more professions are doing their best to reduce the number of new entrants, by such dodges as stiffer entrance examinations and qualifications, legal registration, restrictions on the range of jobs a member can do, and extension of the period for training, so that fewer candidates can afford it.

### A False Virtue

Our wasteful age of plenty contrives to support the delusion that income-seeking is the most meritorious virtue. Ours is the only civilisation which has professed this. The earlier cultures definitely put income-seeking low in the *scale of morality, though their practice did not necessarily agree with their theory.* This was misguided enough when man had serious struggles for bare life, but for mankind to change round and insist on income-seeking for all, just when we have succeeded in making universal labour unnecessary, is equally misguided.

We need not make the mistake of depreciating income-seeking. What we should recognise is that it is not the sole criterion of personal or social value. The Socialists, who denounce profits and demand the co-operation of all for all, recognise the error in viewing man as a profit-seeking animal—using profit in a financial sense,—but rush into the opposite extreme of ignoring the fact that most men do to some extent desire and seek profits, and that there is no reason why they should not, so long as it does not involve the sacrifice of others.

They have not yet recognised that the most convenient device for reducing profit-and income-seeking to its proper proportions is the National Dividend, for that would give the greatest play to the many other motives by which man lives.

HILDERIC COUSENS.

A STATEMENT OF TRUTH *continued from page 146.*

### Specific Analysis

The principal items of specific analysis have been stated in some detail in the two previous articles. They may be re-stated in summary:—

(1) Price includes profit, which is an arbitrary addition to financial cost and is not (and cannot be) issued as purchasing power under present methods. (2) Payments under group B are paid away in respect of past production, and the recipients of such payments use them to cancel past costs and repay debt. Such payments cannot be issued again as *effective demand* unless they are accompanied by an equivalent new price. (3) Group B also includes reserves for future contingencies which are arbitrary additions to price and are not issued as purchasing-power to meet the price now created. For instance, the money issued as effective demand during the building of a new factory was used for necessities and cancelled against previous costs. Therefore, a replacement reserve charged into the price of that factory's products over, say, twenty years is a price-creation against which no purchasing-power exists. (4) The investment of savings already included in costs, obviously cancels an equivalent part of the effective demand to meet those costs. If the savings so invested are used to cancel past debts, the "money" is destroyed; if used for new pro-

duction, they are re-issued subject to the routine of the A + B flow, which is unchangeable under present conditions.

Therefore, by analysis the A + B theorem is shown to be a statement of specific accuracy, clearly understood by all properly equipped investigators. It is in strict accord with existing facts and contains no unknown quantity or assumption.

It is a scientific formula of supreme importance to the world to-day, condensing into one brief diagnosis the elements of present economic disease.

For this, and for the scientific remedy based upon it, this generation will not be able adequately to do honour to its propounder, who is the Watt of the technique of distribution, and the first philosopher of the age of plenty.

DARAN.

### SOCIAL CREDIT IN AFRICA

*Extract from a letter from the Marquis de Serra, author of "Property, its Substance and Value," about to be published by Figurehead.*

"I have given several lectures in Nairobi and one in Dar-es-Salaam on New Economics, more precisely on Douglas Social Credit. A considerable body of business men, farmers, etc., have taken keen interest in the subject and an Association is to be formed very soon in Nairobi."



## Correspondence

### "A Social Credit Combine or Trust"

TO THE EDITOR OF SOCIAL CREDIT.

Sir,—May I, through your columns, be allowed to express my hearty approval of Mr. J. E. Tuke's letter in your October 26, issue.

As a Social Creditor, some such idea has been simmering in my brain for a year or two past. There seems to be one basic objection to the proposal, and that is that the Social Credit Community would have to be completely self-supporting, at all events at the outset, since the tickets which it paid out for wages, etc., would not be at once spendable outside its own limits.

There is, however, as far as I can see, no objection to starting the ball rolling in the way Mr. Tuke suggests. So much has the idea appealed to me that I am at the moment seriously contemplating the retail distribution to Social Crediters (or should one say "Creditresses"?) of a manufacture of my firm, *viz.* knitting wools.

As retail distribution is, for my firm, an entirely new departure from normal, the necessary organisation, preparation of stock, etc., will take some little time. When this is done, which I hope will be within the next few weeks, I hope to advertise the service in SOCIAL CREDIT, and back it up with the offer of a cash discount to Social Crediters (or Creditresses) *only*. If successful, the service will be extended to cover many other necessities of clothing which my firm, through its associations, is able to produce well and cheaply.

Yours faithfully,

8, Ashfield Road, Moorhead, Shipley. JOHN EARNSHAW.  
October 26, 1934.

TO THE EDITOR OF SOCIAL CREDIT,

Sir,—Mr. Tuke's interesting letter brings to mind two things which must be surmounted before such a project can materialise or come to success:—

- (1) The Truck Acts. (Internal application if any, to experiment).
- (2) The external relationship of the S. C. Group with the larger containing entity—the community, *i.e.* —the method of acquiring currency and credit funds for "outside" transactions between the group and "other organisations."

The Truck Acts are popularly supposed to be solely and entirely beneficent in character! When politicians bear "gifts" in the shape of legislation, what their left hands bestow, their "rights" often purloin. The Truck Acts are no exception.

Certainly, the Acts gave employees the "right" of payment in money only, but the public overlook the other side. The advantage, of suspended claim and freedom of choice which the money ticket confers, is superior to the specific payment in goods. To Social Crediters, however, the parallel motive behind the Acts is plain: that employers and employing organisations (including Co-Op's) are at all times forced to resort to the banker's commodity-bank credit in order that their employees can be paid "coin of the realm."

The sponsors were the unwitting (?) abettors of the Money Monopoly.

With regard to (2) above, the provision of "accepted money" *i.e.* legal tender and bank credit funds for "outside" transactions:—This points to the need of a central clearing house through which all transactions between the "Group" and "other organisations" would pass. The making available of all known information about the working of existing barter groups (U.S.A., etc.) should provide useful data.

An internal ticket system suitable to the job should not be beyond the wit of Social Crediters to devise and work with success.

Always provided that the ultimate goal—the Social Credit State—is not lost sight of, Mr. Tuke's idea might prove a valuable means to that supreme end.

Yours faithfully,

14, Sylvan Street, Belfast.  
October 26, 1934

JOHN MAIRS.

### "The Trader Confronts Social Credit"

TO THE EDITOR OF SOCIAL CREDIT.

Sir,—I think we should all like to thank Mr. Charles Jones for his epic phrase "A National Dividend is the Pinnacle of Social Ethics." I have promptly adopted it, as no doubt many other readers have, and it will appear as a heading to many of my letters or on the back of the envelopes of others.

Yours faithfully,

73, Boundary Road, N.W.8.  
October 26, 1934.

E. BIRNSTINGL.

### To Certain Humanitarians

TO THE EDITOR OF SOCIAL CREDIT.

Sir,—As no reply has yet appeared to the recent contribution of D. Beamish entitled "To Certain Humanitarians," I hope you will allow me space for a few remarks.

Those who believe in Birth Control as a means of social amelioration are not *ipso facto* opposed to a policy, such as that of Major Douglas, dictated by a desire for a better distribution of the world's goods. The two questions ought not to be considered as conflicting. Not even the most ardent supporter of the National Dividend plan will deny that there must be an optimum population; a population whose numbers will alter with man's views as to the ultimate aim and object of human existence.

It seems to me that your contributor, in trying to score off those who advocate Birth Control, is doing a disservice to his own cause and to that of humanity.

The movement for the provision of Birth Control clinics in this country is rooted in the belief:

- (1) That it is wrong to withhold contraceptive advice from those mothers whose health and strength are not equal to the strain imposed by child-bearing.
- (2) That the opportunity afforded married women by contraceptive knowledge, of spacing their children so that more care may be devoted to the individual units of the family, is bound to result in a broader basis of happiness in community life.

What is the reverse picture? Take a recent case reported in the press. A Toronto woman who has already had nineteen children, sixteen of whom have died, now hopes for twins which will put her at the head of the race for £100,000, left by the will of an eccentric Toronto man, who evidently thought quantity more important than quality. The degradation of motherhood cannot be justified by distributing "goods" no matter in what lavishness of excess. It is in failing to see this simple truth that your contributor has stumbled.

Finally I should like to ask your readers to reflect upon this thought: If, for no other reason than poverty, a woman wishes to restrict the size of her family ("*pour la misère*," as the Swiss Government puts it in their sterilization regulations), she should be entitled to receive contraceptive advice, for we are concerned with conditions as they are at the hour and moment, and not with conditions which it is hoped will prevail when a new social system holds sway.

Yours faithfully,

Amochrie, Nethercraigs, Paisley.  
October 28, 1934.

R. A. BROWN.

### "An Open Letter to Teachers"—A Reply

Dear Mr. Tait,

Your article was handed to me by a colleague who apparently was of the opinion that it expressed the feelings of the majority of the profession. Let me inform you, sir, that it does not.

It is all very well to dabble in financial theories but we must bear in mind that we have a higher duty to our noble profession. How would you, sir, like to have the outlook of your child warped by the perhaps unconsciously expressed bias of some supporters of an, as yet, untried scheme?

We, as moulders of the opinions of the growing generation, must keep ourselves uncontaminated by partisan opinions. Our duty is to develop and cultivate the minds of the children, not along a narrow path with a single

(Continued on page 149.)



objective but along the wide, spacious highways of a broad culture.

I fear you do not appreciate the great work that has been and is being done to improve our educational system.

You infer that our school buildings are delapidated; our equipment meagre and our playing fields limited. Any older colleague will tell you of the giant strides made in improving conditions for scholars and teachers alike. It is some time since I personally saw a class of more than forty children. Comparing this with the sixties of not so many years ago, I think further comment is unnecessary. As to equipment; I am sure you will agree we must have some degree of economy. To say the least, it is our duty to the ratepayers. Reckless expenditure is inevitably followed by an aftermath of rigid economy, as social history has proved beyond all doubt.

I should like to express my sympathies with regard to the unfortunate boy mentioned in your letter; nevertheless I feel constrained to point out that ability to make "electrical models from pieces of wire and old metal" does not necessarily mean that a boy will prove himself capable of securing and holding a job. It is a very fine sentiment to envisage the boy following his own line of interest, but, we live in a competitive world, and we, as teachers, are being dishonest if we allow the child to delude himself too long. He will soon find that he is left to fight alone in a rather overcrowded labour market and ability to twist bits of wire won't help him much. No, I think that teachers are to be congratulated on their stand through the past few years—aloof from petty squabbles and untested (from an historical viewpoint) financial schemes.

I am, Sir,

Yours faithfully,  
"HISTORIAN."

P.S.—Perhaps some of our colleagues would care to express their views on these few remarks. Personally, I feel confident that my views meet with the approval of most experienced and thinking members of the profession.

*Further Correspondence on Education, War and the Labour Party, has been unavoidably held over.*

#### MR. ORAGE WILL BROADCAST

On Monday, Nov. 5th, at 7.30 p.m. Mr. A. R. Orage will broadcast under the title "Social Credit" in the Series "Poverty amidst Plenty."

Mr. Orage, Editor of the *New English Weekly* needs no introduction to Social Crediters. We hope our readers will urge their friends to listen in, and where possible arrange meetings where Mr. Orage's speech can be heard and subsequently discussed.

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#### Barnard Castle (Co. Durham) Social Credit Group

Nov. 5th.—Public Meeting to be addressed by Lady Clare Annesley on "National Dividends for All." Hon. Sec. C. E. Hardy, 19, Bede Road, Barnard Castle, Co. Durham.

#### Newcastle-on-Tyne Douglas Social Credit Group

Nov. 5th, 7.45 p.m.—In the County Hotel, Newcastle-on-Tyne.—Mr. A. L. Gibson, F.C.A., will give an Address on "Social Credit." Business and Professional men are especially invited. Silver collection. Hon. Sec. N. Coward, Holly Avenue, Fawdon, Newcastle, 3.

#### 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.

#### Portsmouth Douglas Social Credit Group

Nov. 9th, 7.30 p.m.—At Glamis Hotel, 35, Clarendon Road, Southsea.—"The Machine Age and the National Dividend." Speaker F. G. Milward, Esq. Visitors are welcome. Hon. Sec., R. L. Browne, 49, St. Ronan's Road.

#### Solihull Douglas Social Credit Group

Nov. 12th at 8 p.m.—At Tree Schools, Warwick Road, Solihull.—Mr. Abrams on "Your Part in Poverty."

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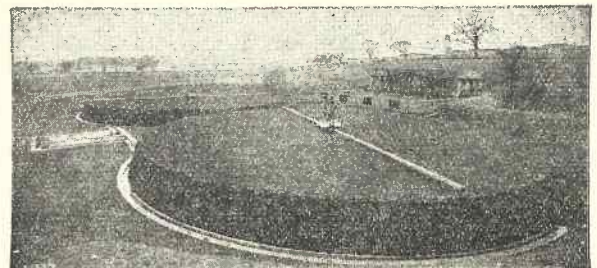
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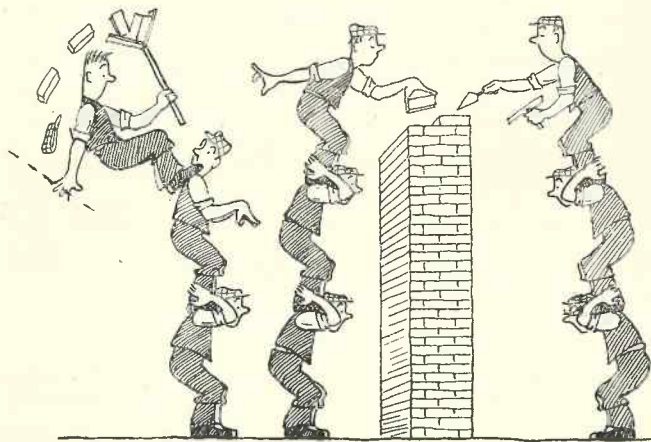
## STEADY AND USEFUL WORK

I AM surprised and pained to observe in this issue a great deal of space devoted to what appears to be, if only I had time to read it, a denunciation of Work.

One writer in particular, who ought to know better, being a parson, spreads himself out over page after page in an effort to show that Western man is making an ass of himself by going on working after he need not. According to him, Englishmen have for the last one hundred years been laying themselves open to the same charge of soft-headedness as would a man who goes on working after the whistle's gone.

Now, I would be the first to throw something wet at a man who would not leave a nail half in, rather than give it another wallop after the first hoot of the buzzer.

I am fully in sympathy with the sturdy spirit of the man who, though black in the face from having swallowed his false teeth, would not go to the doctor because it was in the dinner hour.



*"Absorbing unemployed" by doing without ladders. (Note: One man is about to break his neck. This will absorb him permanently).*

A certain modicum of miking is right and proper. It asserts one's independence and maintains the salutary standard of social usage which defends us from those who would endanger our livelihood by working overtime for nothing. But to allow the invention of labour-saving machinery to start mankind on a prolonged and unlimited mike, is going a bit too far.

There are two reasons for making people work all day. One is to keep them out of mischief, and the other is to distinguish who are the gentlemen.

When machines are doing all the work, how can one be a gentleman?

If the mass of the people spent most of their time swanking about doing nothing on a National Dividend, there would be no noticeable class distinctions, and life would be hollow and grey. Either everybody would be a gentleman or nobody would. I should know, of course, that I was superior to the masses, but I would not be able to prove it. That would be the annoying thing. As John Ball (I think) observed, "when tractors delve and power-looms spin, who will be the gentleman?"

Now, people are continually writing rude remarks in this paper about the politicians who say that the most urgent need of to-day is to find work. They say, with varying degrees of rudeness, that it is absurd to insist on everybody working while at the same time we continue to use machinery which makes it unnecessary and impossible for everybody to find work. Passing through the pages on my way to this one I could not help noticing several remarks to this effect. One writer as good as called Dr. Dalton a bonehead—I would go further and say that he implied that the doctor was a pathological case—for saying that the Labour Party's object was to absorb all the unemployed into useful and steady work.

Now we will pass over the fact that all politicians say this, and that it is unlikely that all politicians could be wrong—otherwise what would be the use of having opposite parties? Instead of insulting the people who want to make everybody work when machinery makes it un-

necessary, we should rather admire the grit and enterprise of our ruling class for thus persistently attempting an apparently impossible task.

Not lightly does a man promise to find jobs for ten million people when there are obviously only enough jobs for half of them and the number of possible jobs is steadily decreasing. Only the dogged determination of politicians of the bulldog breed, and the unswerving devotion to the principles they learnt at their great grandmother's knee, could make them pursue a policy in face of such obvious impediments.

The fact is, the whole of this Social Credit idea about work being unnecessary in an age of machinery, is based on a false hypothesis. It is based on the assumption that we are obliged to use the machinery. We aren't. The fact that we make machinery doesn't bind us to use it, any more than we are bound to consume the goods we produce. We get on very well without either. We have smashed heaps of cotton machinery, closed factory after factory, and destroyed millions of tons of consumable goods; and in spite of that we have had six trade revivals, weathered ten storms, withstood fifteen trade blizzards, twenty economic cyclones, and turned 195 corners, in the last three years.

There is no reason why we should place our morals at the mercy of the inventors. If they care to go on inventing labour-saving devices, let them. It will keep them busy, and that is the main thing. Indeed, so long as we don't use the inventions, the inventing section of society at least will be permanently absorbed in steady, if not useful, work.

We do not know yet by what specific means Dr. Dalton will avoid the accumulated mechanical progress of the last one hundred years and find steady work for everyone. But given the degree of determination worthy of a noble cause, there is no end to the labour-making devices we may devise. Take the building industry alone. Why should we mix concrete by machinery? If constant dropping



*250,000 men with pails could bring up the water supply from Wales to Birmingham*

wears away a stone, the task of breaking up the stones with their teeth would keep thousands of men permanently employed throughout their lives in useful and steady work, together with their dentists. Again, think of the increase in employment resulting from the simple device of doing away with ladders.

Some such revolutionary conceptions I am sure, are already germinating in Dr. Dalton's mind, or whatever it is he uses.

There is, I say, no end to the number of similar epoch-making innovations. I am sending a few ideas to Dr. Dalton. For instance, I have discovered that a line of men four abreast, stretching from King's Cross to Barnet, could pull the Scotch Express. Again, 250,000 men with pails, standing in two rows, could bring the water from the Welsh Lakes to the Birmingham reservoirs without the aid of pipes. And by the re-introduction of treadmills, every Borough in the country could supply its own electricity.

I could go on—

Editor: No thanks.

YAFFLE.