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NOTES OF THE WEEK

THE REAL POLITICAL ISSUE

MR. LLOYD GEORGE'S “New Deal for Britain” was just in time to be included in the New Year prophecies and resolutions which we may expect from our leading politicians.

His proposals cover every department of economic life—industry, agriculture, housing transport, etc., and at the head of the Bill is the star turn—National control of the Bank of the Bank of England.

This last is regarded as the latest and most revolutionary idea. And in advocating it Mr. Lloyd George is merely putting himself into line with the Labour Party.

Naturally, it has drawn the usual arguments from the even more reactionary politicians. Sir John Simon, for instance, repeated the old cry that political control of finance would mean disaster. The banks, he said, grant credit where it is deserved (whatever that means) but politicians would use the power of granting it for political purposes.

This argument can be ruled out straight away. *Finance is political now.* The Bank of England is the strongest political power in the country. It rules the government.

These two ideas—Government control of finance and private control—are to-day put forward as the only two alternatives before the nation.

They are nothing of the sort. They are only put forward because the function of a democratic government has not yet been understood or defined.

Nationalisation Itself Means Nothing

Change of management does not in itself make any difference to any business, public or private. We should still want to know what the government would do with finance when it had got it.

The function of a government is to find out what the people want done and see it gets done by giving the job to competent technical experts. Not, we repeat, do it, but see that it is done.

People educated in democratic principles would say, “We don't care how it is done; we are interested only in results. We don't care whether the national credit is issued and manipulated by the Treasury, by a new branch of the Civil Service, or by the Bank of England as at present. We don't care whether the nominal head of the credit-issuing

organisation is a government official, a Cabinet Minister or a private banker like Mr. Norman. All we care about is that there shall be enough credit to enable us to buy and sell what we know we can produce. Please get on with it and don't bother us with technical details.”

All Problems Are Settled Except Money

The real political issue to-day is the lack of money. All other aspects of the trade problem are already settled. The people know how to produce what they want, and how to transport it about; how to grow food or ship it from abroad. They are experts in Production.

Also, they are experts in Consumption—or would be if they had a bit more practice. Their adroitness in eating, in drinking, for example, is such that if they could only get hold of the doings, they would not require the assistance or advice of a single government official.

Therefore to introduce into political discussion any matters concerning production—control of manufacture, transport, etc.—is to confuse the issue, to discredit Parliament and pave the way for the dictatorship of those whose interest it is to control the lives of the people.

The object of democracy is not the maximum control, but the minimum. To centralise the whole commercial and industrial activities of the nation will merely limit the scope of individual choice and lead to the Servile State.

In this respect the Social Credit Movement is political. It seeks to clear the real national problem of its irrelevancies and persuade the people to perform this urgent political function:—

To decide what they most want and demand that the Government shall do it.

There is to-day no doubt as to what the nation most needs: it is—enough money to buy and sell what it is already able to produce. And all the people need to know before they can make this demand is—that it can be done.

For that reason we would suggest, to any Party or organisation sincerely devoted to the political and economic enlightenment of the people, that there is just one piece of information worth propagating:—

That any Government, by the exercise of powers, it already possesses, can at any time issue money to any extent up to the price-value of the goods the country produces.

BIGGER AND BETTER DEBTS

We trust that Mr. Roosevelt feels a glow of pride when considering a Plan of expenditure on Public Works in the United States amounting to £21,000,000,000. Even in America one hundred and five thousand millions of dollars looks a tidy sum.

But only £75,000,000 a year is to be expended on putting "5,000,000 acres of sub-marginal land" out of cultivation. And vast schemes of development in other directions are envisaged over against this expenditure upon returning land to its wild state.

Apart from the regimentation of the whole nation, the snag comes in the financial proposals submitted to Mr. Roosevelt on the "anti-cyclic theory" propounded by Mr. David Cushman Coyle, (We quote *The Times* account of December 18). The suggestion is to finance the plan "by selling bonds to Government-controlled banks." Thus:—

"When a bank buys Federal bonds the bank has an asset—the bond—and a liability, the money paid for the bond and credited to the cheque account of the Government. The money is created by the process of writing it in the cheque account.

"When a part of the National Debt is paid to the banks in return for bonds, the money with which the debt is paid vanishes by reversal of the process through which it was created.

"In other words, in times of depression the Government must accept a heavy budgetary deficit financed by inflation and in good times an equally large budgetary surplus based on income-taxes and usable as a curb on excesses of Wall Street speculation. 'The fact is,' says Dr. Coyle, 'that the Federal Budget ought never to be balanced except momentarily at a shadowy 'normal' between good and bad times.'"

No mention is made in this proposal of interest on the Federal Bonds bought "by the process of writing money in the cheque account." Apparently the American people are to re-establish the private banks in unrivalled power, and give them a vast additional claim *in perpetuo* on the incomes of the people, under the shadowy guise of "government control." We wait eagerly the day when the wealthiest of all the great nations of the earth shall take unequivocal control of its own credit for benefit of its own people, and not for the benefit of the financial institutions.

"A HUMANE CODE"?

Referring to the question of Unemployment assistance, the *Daily Telegraph* recounts, and praises as generous, the miserable standards of poverty, quaintly termed "Relief," to which the Government has condemned those people who are unemployed because of that very industrial mechanism which has made universal affluence possible.

Then follows this hackneyed but ever-fresh piece of sheer inhumanity and humbug:—

"The Board has strictly borne in mind the guiding rule that no man shall receive from public funds relief equal to what he could normally earn if in work. That rule is cardinal. It is the real vindication of what may seem at first sight the sterner rulings of a thoroughly humane code of rules."

That is to say, because employed workers are poor, unemployed workers must be poorer still; that although unemployment is unavoidable, the unemployed must be punished. The excuses which orthodoxy invents to prevent the national wealth from being distributed are as cruel as they are stupid. To give them a highly moral flavour is to add a Pharisaic touch to what would otherwise be mere brutality.

Such violations of human reason do, nevertheless, provide an excellent background for the proposal of the National Dividend. We ask for no better contrast than that between the proposals of these troglodytes and those of Major Douglas.

(Reviewing that last paragraph, we must observe that it is unjust to the troglodytes. They at least ate what they wanted and allowed others to help themselves freely to what was left.)

THE MENACE TO INTERNATIONAL FRIENDSHIP

A Brazilian paper, quoted in the *Daily Telegraph*, has discovered that the worst customers for Brazil's exports are creditor countries. It complains, for example, that Great

Britain, instead of studying means of improving relations between herself and Brazil, has embarked on "a nationalistic policy disastrous to Brazil, a debtor country and a natural provider of raw material." It calls particular attention in this connection to the "Buy British" campaign.

Trade between the two countries, the article continues, has always favoured Great Britain. In 1911-13 Brazil absorbed a deficit of £162,000,000 in her relations with Great Britain, which, added to the service of the Brazilian Federal Loans of £119,000,000, shows a total loss of £281,000,000, and these figures do not include heavy remittances of dividends on British capital invested there. Borrowings from England in the same period amounted to £106,000,000 which, subtracted from all the gold left in Brazil for account of England, shows a net profit to Great Britain of £175,000,000.

The Bank of Brazil's decision to apportion exchange is, says the article, tantamount to an invitation to Great Britain to negotiate a commercial treaty of reciprocity, mutually favouring both nations, "whose cordial friendship cannot longer be expressed in the gallantry of post-prandial toasts, but must materialise in a more practical and common-sense manner."

We need not labour the point that international cordiality will continue to be confined to after-dinner speeches so long as the real interests of nations are subordinate to the policy of their banks. A "common-sense" money policy would enable the people of Britain and Brazil to exchange each other's particular form of wealth to their mutual benefit. But so long as the only international intention of British finance is to get other nations into its debt, British machinery will rust and Brazilian coffee will be burnt.

THE BASIS OF "CONFIDENCE."

An American correspondent to *The Times* announces that, according to recent reports, the banks of the country have some \$12,000,000,000 of "idle" money which they are ready to lend to private industry. For some time, he said, applications for loans were not forthcoming, but, "since Mr. Roosevelt's conciliatory speech to the Federation of Bankers' annual convention, confidence in the future has begun to return."

Such grounds for "confidence" are peculiar, but common. We hesitate to upset the faith of these simple-minded experts by pointing out that these figures merely indicate twelve thousand million dollars debt due to the banks from the public—in other words "deposits."

Such faith, however, takes a lot of shattering. Nearly two years ago, according to a press-cutting before us, Mr. Hore-Belisha, Financial Secretary to the Treasury, said hopefully, "the balances of the banks at the Bank of England had increased in the last 12 months from £72,000,000 to £109,000,000. The banks had built upon that a credit structure of 10 times the amount, employing their resources of nearly £2,000,000,000 in various channels. There was no actually idle money outside the normal reserves kept for purposes of safety . . ."

He was right about the safety of the "idle money." There is no sign of its escape from the secure confines of debt. But the phrase "employing their resources" is slightly misleading. It should read—"employing the nation's resources for the purpose of keeping the nation in debt."

What are his bright hopes for the New Year? More idle money?

ANOTHER DUMPING GROUND

There has been a correspondence in the *Times* about the economic condition of Kenya. This being the latest of the exploitable countries at our mercy, it is regarded with pathetic hopefulness by those who can see no economic future but that in which the surplus of British manufactured goods which British people cannot afford to buy are persistently pumped into every corner of the earth not already full.

A characteristic letter describes the Kenya trade as "an opportunity for which we have waited for years past. At last we see a justification for Great Britain to revert to her old-time policy of making loans abroad for the acquisition of capital goods." And the hope of reverting to this discredited policy, which has achieved nothing but a widespread indebtedness to the banks, so moves this champion of outworn creeds that he babbles of "a new faith in our Colonies . . . a field for the adventure and enterprise of rising generations."

It is hard to believe that many of our manufacturers can still have faith in the revival of foreign lending, or can see anything in it but further bankruptcy amidst plenty. The old game of exporting against foreign loans is as extinct as Dundreary whiskers. Nevertheless, the seat of Government being in the City, it will doubtless be tried again. Kenya will be encouraged to raise as much coffee as it can, and, after the example of Brazil, burn it. Great Britain will export capital goods to Kenya and lend Kenya the money to buy them, to the detriment of the home market. Kenya will thus have got rid of surplus coffee, and Britain relieved of the weight of some of its heavy goods.

A new and quite unrepayable debt will have been created, and the bank directors' speeches will be more pious than ever.

THE PROPER END OF PUBLIC BORROWING

Sir Ernest Benn has been deploring the modern loss of liberty. Increasing rules, regulations and restraints, besides preventing our social and economic development, are inflicting upon the people an inferiority complex, he said, addressing the National Association of Building Societies at a recent luncheon. Modern politics, he added, are turning us into robots, developing the pauper mind, and putting the State and its wealth into pawn. He thought there should be at least as many bricklayers as bureaucrats and more plasterers than planners.

We shall all agree with that much. We differ, however, with his idea of how to liberate the complex. Sir Ernest doesn't like houses and things being provided by rates and taxes. He says that if civilisation is to last, we must put an end to public borrowing.

But will he agree that even if public borrowing were stopped, there would still be public debt? By the place and occasion of his speech, we presume he would have us fall back upon private borrowing from building Societies out of the money savings of individuals, which—and we commend this to his consideration—are, when analysed, seen to be debts to banks just as much as is the new money borrowed from the banks by Governments.

As to the State and its wealth getting into pawn, we would have Sir Ernest enquire who are the pawnbrokers and where they got their license from. So long as all money used either by governments or private individuals comes into existence as debt to private banks, the bank-pawnbrokers will continue to hold the wealth of the nation, beyond the possibility of its redemption, and we shall soon have nothing but pawn-tickets instead of legal tender. It is no use even asking for an end to public borrowing unless we demand instead the public issue of the public's own credit.

Only in that way can we prevent the nation developing a pauper mind while surrounded by unlimited wealth of its own.

THE MONEY FOR HOUSING

In discussing the application of mass production principles to slum-clearance and re-housing, Mr. A. C. Bossom, F.R.I.B.A., in a letter to *The Builder* of December 7, says, "The nation wants a reduction of building costs. The building industry wants security and good wages. The suppliers of materials . . . want the assurance that they can run full blast for many years to come . . . in mass production may be found the answer to our housing riddle."

Then why is the riddle not answered? The principles of mass production have been known for generations. Builders and architects already know exactly how to produce any kind of house we require, and where to get materials in abundance. We may ask Mr. Bossom, "what are we waiting for, O my heart!"

The fact is, that the answer to the riddle has so far only been given by Major Douglas, when he pointed out that the total prices of goods for sale at any given moment is always greater than total purchasing power available to meet the prices. To reduce building costs might reduce the price of buildings, but never down to the level of cost, which is the level of consumption. Standardisation might bring the price of a house down to three-halfpence, but it would be found that the purchasing power available to buy (let alone furnish) the house would be only a penny. So why have mass-production? Why not design palaces instead? Christopher (Wren)! Who would be an architect?

EACH TO HIS TRADE

Four years ago, and two years after the beginning of the great slump in the U.S.A., Mr. Runciman made a speech in which he said that there was no shortage of anything in the world (he forgot purchasing power) and that it might "be a good thing to fill all the ships with these commodities and scuttle them in the Atlantic."

Mr. Runciman is a shipper by trade, so it was natural that he should think of that particular means of destroying wealth in increased trade, thus combining good business with national salvation.

Now Dr. Schacht, broadcasting the other day in New York, said there is more hope now of overcoming the world crisis since President Roosevelt has "taken the initiative."

Initiative in what? Well, each man to his trade. Dr. Schacht is a banker; naturally *his* preference for nation-saving methods is to see countries increasingly in debt to their banks—as Roosevelt is getting the U.S.A. It is, however, a natural mistake to think that Roosevelt is doing something new. Actually, he has not taken *the initiative* in trying to save his country by increasing its debts to the banks; all he has done is to get it more into debt than it has ever been before. But it is a common error to mistake magnitude for novelty. And the attempt to cure a disease by the anti-homeopathic method of giving the patient a still larger dose of the same poison is the only method of doctoring known to orthodox economists.

So both the banker and the shipper look like being satisfied. Soon the entire wealth of the U.S.A. will be mortgaged to its banks, and as bank loans are only for production and not for consumption, the Atlantic will be a natural place for it.

NO NEED FOR AMAZEMENT

President Roosevelt's newly launched committee "to take the profits out of war," has occasioned heart-searchings in the Press of five Continents, to name only a few.

The public of U.S.A. are wondering (that is, their papers tell them they are wondering) what it is about. The chairman, Bernard Baruch, chairman of the War Industries Board during the War, is to draw up legislation to forestall profiteering in the event of a war—which would stop war, if anything could, for Mr. Baruch is hardly the man to believe in war at any price.

Suspicion is aroused by this development. Senator Nye, of the Arms Inquiry Committee believes it is a device to close down the Committee's work. "It amazes me," he said.

It does not amaze us. For one thing, the Committee's disclosures of bribery and corruption and the exploitation of other people's deaths was making things too unpleasant for too many important people. And in any case, we can't afford to attract too much attention to the armaments industry. If it were not for those "welcome increases in exports and employment in the heavy industries," due to the carefully unmentioned sales of war material to other nations, how could a Government point to the signs of trade revival resulting from its enlightened policy? Ask us another.

THE VALUE OF THE CITY

The Times announces that "the new total value of the City of London, which comes into force in April 1935, is (subject to appeals) £11,244,468 gross, and £8,946,725 rateable. The Inner Temple is £31,942 gross and £23,905 rateable, and the Middle Temple £23,720 gross and £17,889 rateable. This is a total of £11,300,130 gross, and £8,988,519 rateable—an increase of £121,839 gross, and £85,578 rateable."

Such monetary sums, representing the money-value of real wealth, are, of course, arbitrary. But the point to note about them is that they are accepted and agreed to by the citizens. They are agreed to, that is, although the main purpose of the estimate is to make citizens fork out money for rates. If, instead of being used as a basis for paying rates—loss of income—they were used as part of the basis for estimating a National Dividend—increase of income—would the citizens agree to accept them? Don't all speak at once.

£11,000,000 is a large sum for one city. What is the money-value of the wealth of the whole country?

"RIGGING THE JUDICIAL BENCH"

The Bureaucratic Control of Law. Issue Still in the Balance

(Continued from last week.)

ON the day following Lord Hewart's attack on the first two clauses of the Government's Bill, and his exposure of the slights and campaign of innuendos to which, despite his high office, he has been subjected, the daily press had much to say, but little to the point.

The matter could not be hushed up, but it could be, and was, distorted, with the result, probably, that many readers gained the impression that Lord Hewart had acted unreasonably, or at most, that the question was concerned only with the political colour of one of the Judges. The fact that the Lord Chief Justice was defending the principles that the appointment of Judges and decisions as to the cases they should try, should be, as far as possible, independent of political or other influences, was never made clear.

According to the *Daily Herald* of December 13, supreme efforts were made on the day following Lord Hewart's attack to reach some settlement. The Cabinet, it stated, was at first disinclined to yield, "later, however, more moderate counsels were heard," and "very strong pressure was applied by leading legal members of the House of Commons and the House of Lords . . . with a view to settling the dispute." The correspondent, discreetly or from ignorance, omits to name the counsellors of moderation and those who exerted "strong pressure."

The Suave Mediator

The counsellors must have been influential and the pressure heavy, for the Debate on December 14 proved to be an anti-climax. It was opened by one who has played many rôles in his time, including that of Lord Chief Justice. Lord Reading was the suave Hebrew lawyer personified; he had a difficult case and handled it well. He admitted the disturbing nature of Lord Hewart's disclosures, stressed the necessity to suspend judgment, as the Government's reply, of which he was ignorant, had yet to be heard. He pointed out that he had served as Lord Chief Justice under several Lords Chancellor, but that he never thought that he was treated with a lack of proper attention and respect, "indeed there was not the slightest justification for it."

Lord Reading then suggested that Lord Hewart had charged the Government with wishing to prevent Lord Justice Slesser becoming Vice-President of Appeal, upon which, Lord Hewart rose to point out that he had suggested that the public "might well think that it was so." Lord Reading closed his speech by suggesting that either Clause 2 be dropped, or, if the Government considered the appointment of a Vice-President essential—the Government case had yet to be heard—the appointment should be made in such manner as not to affect existing Judges of Appeal.

Lord Reading was followed by Lord Ponsonby, who proved to be Lord Hewart's only supporter, and but a feeble one at that, for he admitted that he did not fully understand the Bill, and ignored the principle which was at stake, being concerned only to protect a late Labour colleague—Lord Justice Slesser—from discriminatory treatment.

Irrelevant Speeches

Various speeches followed, those of importance being by the Government Leader in the House of Lords, Lord Hailsham, and by Viscount Sankey. These noble Lords both referred to their long friendship with Lord Hewart, and then, taking full advantage of the openings left by Lord Reading did their best to demolish the case against the Bill. It was inferred that Lord Hewart had refused to co-operate with the Lord Chancellor's Department owing to an inability to see eye to eye with its permanent head—Sir Claud Schuster, who was defended as being unable, because of his position, to speak for himself. Lord Hewart's statement as to the arrears of the King's Bench was questioned, but not disproved, and his memory of the exact manner in which the control of the appointment of Judges by Parliament came about was shown to be at fault, although his objection to the procedure was not met.

It was stated by Lord Hailsham that the proposal for a Ministry of Justice originated with Lord Brougham in 1836, had been revived again in 1913, and again after the War, when it was opposed by Sir Claud Schuster to whom

it was suggested Lord Hewart imputed a desire for such an innovation. Lord Sankey who wound up the debate described the plan to set up a Ministry of Justice, as "pure moonshine," and in closing intimated that the Government was prepared to accept the suggestion of Lord Reading for an amendment to Clause 2 to prevent its affecting existing Judges.

Everything that could be done was done to discredit Lord Hewart's case, but to the layman it seems ineffectual, for no explanation was given for the slights and innuendos from which he, the Lord Chief Justice of England, has suffered, and his criticisms of the principles of Clauses 1 and 2 remained unmet. It is therefore with some dismay that one reads his speech which followed agreeing to the second reading of the Bill with the slight modification referred to above.

Red Herrings to the Front!

What happened between Tuesday and Friday? What "influences" were exerted and what "pressure" brought to bear? It may be that Lord Hewart still means to fight the Bill, "not clause by clause but word by word" in the Committee stage. It is to be hoped he does, but if so, he gave no indication of his intention, and according to *The Times* leader the whole matter ended in "a final scene of reconciliation and handshaking between the protagonists."

The Times leader, and the special broadcast introduced into the second news bulletin by the B.B.C. on the evening of the debate, both showed a very understandable desire to treat the matter as a storm in a tea cup. The broadcast was a particularly perfect example of saying nothing with a lot of words. The speaker, gave no explanation of the genesis of the debate, and, having dwelt on its friendly termination, brought out the good old red herring "that reminds me" and the rest of his speech dealt with legal battles of the past in the House of Lords, Lord Justice Coke, Lord Northampton, the Gordon Riots and what would you!

It may yet prove that this two-days debate was an historic occasion, for if we are to believe the Lord Chief Justice, this Bill perpetuates "an intolerable situation" in which the Government Whips can decide the composition of the King's Bench; and further, that the second clause may "pave the way" to the setting up of a Ministry of Justice in form if not actually in fact.

Small Finance Appoint Its Own Judges?

No one who realises the full implications of the Tweedledum-Tweedledee relations of the Bank of England and the Treasury can regard these possibilities unmoved. *What, one wonders, would have been the outcome of the Waterlow case, in which one Appeal Judge and two Judges in the House of Lords, found that bank notes cost a bank only what is charged for paper and printing, if the Judges to hear the case had been selected for their financial orthodoxy?* This might well happen without dishonesty on anyone's part, with a Ministry of Justice, subject, like all Government Departments, to the dictates of the Treasury, subject, in turn, to the Bank of England.

It is interesting to learn from Lord Hailsham that the idea of a Department of Justice was being actively canvassed in 1913. This it will be remembered, was the year of the Marconi scandal, which resulted in Mr. Lloyd George being gravely censured by Sir Albert Spicer, the chairman of the committee of enquiry, for investing in American Marconi shares on the advice of Sir Rufus Isaacs (now Lord Reading) at a time when the Government of which he was a member was negotiating a contract with the English concern of the same name.

Since the War there have been a number of cases in which light (unpleasantly bright to some persons, no doubt) has been thrown on the workings of the financial system or its effects—e.g., the Hatry, Royal Mail Steam Packet Company cases, and others. It is therefore ominous that any legislation even remotely permitting undue influence on the members of the constitution of the Bench of Judges should be proposed. British justice is still a source of legitimate pride to every British citizen. Long may it remain so.

J. DESBOROUGH.

THE DISTRESSED AREAS*

BY FATHER DRINKWATER

THIS is a problem that cannot possibly be brought within the four corners of orthodox money-lenders' finance; but there was no hint of any such realisation on the part of the Government in the Commons debate on November 14th.

Broadly speaking, the Government discloses four ideas for rescuing the unemployed of the depressed areas.

1. Transference of the unemployed elsewhere. This is evidently regarded by the Government as the first and most promising thing to do. Explorers in the South are to be "appealed to" and so forth.

2. New industries for the depressed areas, financed from borrowed money.

3. The Land comes next—a bad third. The Commissioners will have power to acquire land compulsorily and to sell it to local authorities and other public bodies.

4. Finally, public works of various unremunerative but desirable kinds, forestry, reclamation of waste areas, new roads, etc.

Of the above proposals, numbers 1, 3 and 4 (but not number 2) are to be aided financially by the Commissioners, chiefly no doubt by grants-in-aid. They are to have two million pounds to spend between now and March 31 next.

A Large Scale Transference

1. As for transference, two million pounds, I imagine, might just about pay the railway fares of all the families that would need to be "transferred," supposing there was anywhere to transfer them to! As a large-scale policy, the transferred unemployed would obviously throw many out of work in the areas they were transferred to. The only result would be to spread unemployment more equally over the country. That is the sort of "remedy" you are driven to if you insist on "employment" as the aim and end of existence.

New Industries—And Loans

2. As for new industries, one can only wait and see what the Government can arrange in the way of credits for production. The banks have been refusing to create credit for small new enterprises (as the four Commissioners' reports indicated) because these could offer no "security" in the depressed areas. Even when he is risking nothing, the credit creator exacts full security—in England, though not with his loans abroad. Will the proposed local boards issue credits for production without security of the orthodox kind?

3. As for getting the unemployed back on the land (those that really desire to go) that is very right and urgent and ought to have been done years ago. But it will mean pouring out money like water with no hope of a direct monetary return. It cannot be done by borrowing money from bankers. What farmers need at the start is producer credit free of interest, and consumer-credit as well to give them a fair share of the townsman's products and amenities.

Slave Labour?

4. As for public works, it is necessary to ask, are they to be done by slave-labour—by a special class of "able-bodied unemployed" compelled to work for their dole? Are we to do such things simply to make work for people, as Pharaoh made work for the Israelites in Egypt? If so, our motive is all wrong, and there will be no blessing on the enterprise.

The true lesson of the depressed areas is not that employment must be provided at all costs, but that we must get rid of the idea that employment—paid occupation—work for a living—is the be-all and end-all of life. Work is for Life, not Life for Work.

The Fruits of Usury

Faced with the depressed areas, a really live Government would say: See what Usury on the grand scale has brought us to. With plenty all around, half the nation lives in poverty and despair. We will stop our borrowing, we will throw off the burden of existing loans as quickly as possible, and we will begin to use the National Credit for the nation.

Everybody shall have their share. If the phrase "National Dividend" frightens the timid, let us use other names for it. Old-age pensions at fifty-five for men, at forty-five for women. Generous allowances for children

up to eighteen, for widows, for the blind and lame and disabled of every kind. A "living wage" to all men and women of working age, whether there is work for them or not. Only along such lines can England climb out of the Great Depression for ever.

The Money Supply

"Ah, yes—but where would the money come from?" It is a question that can only be excused by ignorance at this time of day, but people will go on asking it and we must go on patiently answering it.

The answer is that money and credit would be issued and cancelled and re-issued just as it is now issued and cancelled and re-issued. The only difference would be that the money-supply would be "pumped into industry" at the consumption end as well as the production end. And the money itself—not only the legal tender but the cheque money too—would be money of the nation's own issuing, not the private money created by usurers for their own profit. In so simple a way as that can the Pope's demand be fulfilled that "each one must receive his due share, and the distribution of created goods must be brought into conformity with the demands of the common good or social justice" (*Quadragesimo Anno*).

THE SOCIAL CREDIT MOVEMENT

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

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

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

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

*From an article in the *Catholic Times*, November 30.

THE NECESSITY OF UNEMPLOYMENT

The Machines of the Industrial Age were Designed to Bring Leisure, Not Labour

TO read the papers at present is to get the idea that the sole object of the Industrial System is to provide work for the greatest possible number. As Jack London once said, "We go to work, To earn the cash, To buy the food, To get the strength, To go to work and so on."

Yet the same people who are at present demanding work for the unemployed have given whole hearted support since the war to every movement to increase unemployment. They are all keen advocates of the necessity of maintaining and extending the Export Trade. In order to do this it is necessary to reduce costs, which means to the average export fanatic, wages. For to compete with the foreigner in his own over stocked market it is necessary to under-sell him. This means that in the search for foreign markets the British worker must accept a rate of wages as low as the lowest paid industrial worker anywhere in the world, probably the Chinese, slaving in mills built with French capital in Shanghai or Hong-Kong. This policy has been responsible for the cuts in wages made since the war, and those cuts have reduced the demand in the Home Market to a far greater degree than the foreign market has diminished, and have thrown thousands of men out of work. Our would-be exporters seem to have no idea of the fact that four-fifths of our trade never touches the seas.

Rationalise!

Another favourite cry has been rationalisation. Through this policy factories equipped with up-to-date machinery have been closed, villages and towns have been rendered derelict, and man power displaced. Yet in face of this they tell us we must find work for the unemployed.

Greatest of all has been the economy ramp started in 1920 with the declared idea of getting back to the Gold Standard, after which our experts are still hankering. This policy by restricting currency and credit has forced employers to uphold wage cuts and to look abroad for markets which could have been found in Britain, and has imposed greater hardships upon the masses than did the enclosures of seven million acres of common land in the seventeenth and eighteenth centuries.

It has put the vast majority of industrial undertakings into the control of the banks, and has as Major Douglas has shown driven thousands into bankruptcy and suicide. It is also largely responsible for the periodic crime waves we have had since 1920.

There Is No Cure For Unemployment

But to-day, even if all these policies were reversed, although unemployment would thereby be mitigated it would not be cured. Even in the pre-war era of expanding capital development and alternate booms and slumps, the average percentage of unemployed was 2½, and there was always a hard core of 250,000 unemployed even in times of "prosperity."

While the cause of poverty is explained by the A plus B theorem of Major Douglas, the cause of unemployment is to be found in invention and scientific progress.

To-day unemployment is a necessity, and not even a Parliament of Stafford Crippses, or Jimmy Maxtons can solve it, under this or any other system.

The Industrial Revolution

There is a tendency to-day to talk of the Industrial Revolution as something that happened between 1750 and 1840. Indeed one so called History book, largely used in schools tells all and sundry that it ended about the latter date. As a matter of fact we are still in the Industrial Revolution, and it is now beginning to get into its stride. In this case, unless the financial system is altered, the next hundred years will be the worst.

It was in 1770 that James Hargreaves invented the Spinning Jenny, which really began the era of labour displacing inventions in the textile industry. In that year the cotton imports into Britain were 4,500,000 lbs. At first eight spindles were worked by the device, which displaced seven

spinners. Later one hundred spindles were worked, by one person. The application of water power to spinning by Arkwright and Crompton, and later in 1785 the perfecting of Watt and Boulton's engine for use in mills, greatly increased the number which could be worked by one machine. So by 1792 the amount of cotton imported had grown to 35,000,000 lbs.

The Power Age had begun. One of Watt's employees, Murdoch, invented a travelling engine, later perfected by Trevethick and George Stephenson. At the commencement of the Railway boom in 1841 cotton imports had risen to 490,000,000 lbs.

When Major Douglas appeared before the Macmillan Committee he was asked:—

"If our financial system has been on a wrong basis for over 100 years, I should have imagined that you would have had progressive unemployment and progressive depression, and not, as we have had, periods of quite excellent prosperity succeeded by periods of depression. . . How would you account for that?"

A Past Phase of Employment

The history of the Industrial Revolution supplies the answer. From 1750 we began to modernise our roads. This work, non-productive of consumable goods and financed by creations of credit, absorbed hundreds of thousands of the unemployed. It also caused vast immigrations of Irish, who were transported to this country for half-a-crown per head, according to the Hammonds. In 1761 we began an era of canal building, which found work for still more displaced men, and continued until the railways knocked out the canal companies. At the height of the canal boom there were passed in four years eighty Acts of Parliament authorising the building of canals, 1790-1794. It is noticeable that in Scotland the promoters of the Forth and Clyde canal obtained cash credit, that is an issue of notes, from the Royal Bank for the job (MacLeod, "Elements of Banking").

When the Railway boom started about 1830, still more labour was needed. The London to Birmingham railway, 112 miles in length, took five years to build and employed 20,000 men. To-day there are 50,000 miles of railway in Great Britain. Many of the lines were much more difficult engineering feats than that mentioned above. We can assume safely that these railways occupied 10,000,000 men for five years on construction alone, besides hundreds of thousands who were employed on making rolling stock and rails, etc.

Add to this the fact that harbours, factories, docks, warehouses, houses for the industrial millions, waterworks, gas undertakings, tramways, electric power stations, etc., etc., were being built at feverish speed during the last century and we have the explanation of why unemployment was not, except in periods of slumps, a pressing problem. There are for example about 4,000 miles of tramways in Britain, the construction of which must have absorbed hundreds of thousands of men who would otherwise have been unemployed.

During the nineteenth century Britain found employment for her displaced workers in perfecting her industrial plant.

And now that phase is over, unless we have a five year plan to smash it all up and a further x year plan to rebuild it. Otherwise we shall still have the unemployed with us.

Shirking the Issue

In his lecture before the Royal Society of Arts, Mr. John L. Hodgson, B.Sc. M.I.Mech.E., stated:—

"For the past 22 years I have been engaged in conducting researches and devising and selling apparatus whereby the costly fluids used in industry—water, steam, gas, high pressure air, and oil might be continuously controlled. I can trace economies equivalent to £2,500,000 a year achieved by clients who have made use of my work."

That is the work of one man. Hundreds of people, engineers and efficiency experts have been busy on the same job. That is, to displace labour. They are doing it successfully.

(Continued on page 271.)

People are a Pity!

(Letter from an intelligent young woman to a friend. Written in 1934 and now preserved in the National Credit Museum.)

My Dear,

Fancy you being worried about the Unemployed! Poor darling! Now, I've been studying Economics, and it is simply too exciting for words. It's all so simple, really. We ought to abolish more people. Obviously it's *people* that are the trouble, and if you get rid of more of those, there wouldn't be so many unemployed.

Abolish the problem by abolishing the people! Take Birth Control, for instance. This isn't being used half enough. Teach it to everyone—make it a compulsory matriculation subject and give it special scholarships. Then those of us who do manage to get born can be sterilised, so that at any rate it won't happen again. You've heard, of course about sterilising all those who have any weakness in the family history? That would be almost all of us, wouldn't it? And then this "Termination of Life"! That's the *very latest*, and what a splendid idea! Terminate all the old aunts and people. It's only the family that has to decide, with the help of a doctor or two, and we all know that that won't be hard when the old things themselves have plenty of money. In future we shall be able to talk of when dear Aunt Eliza *terminated*! Of course, the old people may begin to feel a little bit nervous, especially when the young ones look fixedly at them across the breakfast table. Still it's all for the best and I'm sure they won't mind. Of course, it may mean dismissing a maid or a gardener now and then, but the great thing is to keep down the population! Then those of us who do manage to get born will (patriotically sterilised) be able to find jobs, which, as you say in your letter, is the great point of being alive. Of course, there won't be so many consumers (as they call them in my study circle, have you heard of those

by the way?) but what there are will be able to work, although what they will work at may not be quite clear at the moment, as there won't be so many needs. Still, we really ought not to want so many things.

War and the Traffic Problem ought to help us more than they do in this matter of abolishing people. At present they are hardly appreciated as much as they ought to be, because, I suppose, they are apt to absorb those who are in work, as much as those who are not. Couldn't Mr. Hore-Belisha do something about this? Surely he might arrange those balloons of his so that the unemployed ran more risk than the others! There might be different crossings, and it might be indicated to motorists that at certain points it wouldn't matter quite so much if they were dazzled, or something. And the Safety First people might teach children to look *left*, then right instead of the other way round. As for War; well, surely the unemployed might be made to fight it out among themselves, then the nation which had most Unemployed would win, which, of course, would be *quite* fair. All the other people could go on working. Oh! I nearly forgot Pestilence (and Earthquake—I do think Science might arrange some of those!). But Pestilence could be made much more useful than it is. Doctors might be told about this when sterilising their instruments, or they might open a bottle of germs occasionally in the right place. Really Science *ought* to help.

Well now, I've made it all quite clear, haven't I? It's People that are the trouble. I didn't *quite* like to mention murder, by the way, but in the present stress, even murderers have their patriotic side (especially if they and their victims are Unemployed). This might be encouraged but, of course, we must not weaken about capital punishment. For every murder we must get two people at least, otherwise it's hardly worth while.

With all loving thoughts for Christmas.—Christiana.

DOROTHY DUDLEY SHORT.

THE NECESSITY OF UNEMPLOYMENT *continued* from page 270.

So we get to-day marvels of production, which had they been detailed fifty years ago would have obtained for the teller a Baron Munchausen reputation. Many of these have been given in this paper. Here in depressed Durham we are cutting 50% of the coal now mined by machinery, compared with 14% before the war. We have automatic stokers for furnaces at gas works, electric power stations and so on. In that connection a story is told of one Tommy, who was appraised as a half-wit by his mates. But when the automatic stoker which did the work of twenty men in unloading the coal and firing the furnace, was installed, Tommy gazed at it with a group of his mates before he cashed his last pay check.

"Lads," he exclaimed, "let's go and mob the b—."

Production Increases, Workers Decrease

Stewart Chase, in "Men and Machines" points out that the time has now arrived when production increases and workers decrease. If the index figure for production is taken as 100 and factory employees at 100 in 1914 (U.S.A.) then in 1927 the latter stood at 115, a decrease of 14 since 1919, and production stood at 170 an increase of 23 since 1919.

He says:—

"Here is an electric hand-saw by which one man takes the place of four; a power chisel which does the work of ten; a floor-sanding machine which puts five men on the street for every device installed. Two men now charge a steel furnace which once required fourteen men; seven men cast as much pig iron as sixty used to do. In the liner 'California' three white garbed firemen presiding over gauges, replace one hundred and twenty stokers."

In all branches of industry the same tale is told. Even food the bug-bear of the Malthusian school, which foretold a shortage which ought to have happened a century ago, is now produced in order that men might devise ingenious means of destroying it.

Meanwhile the 40,000,000 unemployed in the industrialised world hope for—work.

And our leaders, God help us! in industry, politics and philosophy, tell us we must find work for the unemployed.

Who Are We, Anyhow?

Tennyson said it. We are "the heirs of all the ages, in the foremost ranks of time."

Major Douglas says it. We are all shareholders in Great Britain, Limited.

We have at our command an industrial machine which can supply everyone of us with all the food, clothing and shelter we require.

The labour of dead men is enshrined in it. To-day each one of us can have at our command the labour of millions of slaves. They can clothe, feed, shelter, transport us. They can amuse us. They toil that we may rest. They are the machines, the processes, embodying the ideas of the Watts, the Stephensons, the Bessemers, the Parsons, who gave them to mankind.

The Age of Leisure

They have made unemployment a necessity. They have brought the Age of Leisure. Never again can the workers of the world find profitable employment in industry. We cannot plough against a tractor, nor harvest against a combined harvester and thresher, nor dig against a steam navvy, nor cut coal against the iron man.

No work that is being suggested to relieve unemployment will add to the quantity of consumable goods which the men will eat and wear while employed on these relief works. Why then insist on employment when by an alteration of the financial system we can give those men tickets to buy what they require now?

Let them have leisure.

"As distinct from unemployed idleness, leisure is unhired time, accompanied by purchasing power," says Dr. Thomas D. Elliott, of the North Western University, U.S.A.

The financial system must be brought into line with the industrial system. The latter is doing its job, it is delivering the goods. Let us make the former deliver the tickets for them.

Stop shirking the issue. The solution is plain.

Demand the National Dividend. Let us have "Money for Nowt!"

FRED TAIT.

SOCIAL CREDIT MOTIFS—IX.

The Pyramid as Balloon

It seems perfectly certain that either a pyramidal organisation, having at its apex supreme power and at its base complete subjection, will crystallise out of the centralising process which is evident in the realms of finance and industry, equally with that of politics, or else a more complete decentralisation of initiative than this civilisation has ever known will be substituted for external authority . . .

The pyramid structure of society gives environment the maximum control over individuality. The correct objective of any change is to give individuality maximum control over environment.

C. H. DOUGLAS.

At long last, with a movement of the human spirit so gentle that its irresistible strength is not readily perceived, Power concentrated is challenged by Power diffused. The weapons in the battle that ensues are not those chosen by the Concentrated Power, for men have begun to perceive that they have been tricked into conflicts in which one side had a monopoly of the weapons. Money rules, and to fight it with money is foolish. For those who create and destroy money at will, another weapon is needed.

The apex of the pyramid into which power has formed, as a Money Monopoly, is so remote from the broad base of human productivity and the culture upon which it rests, that those who exercise power from the nearly absolute point of dictation achieved by Finance, do not yet perceive that Common Sense is no longer fighting with the weapon monopolised by them, but is breaching their supremacy by ignoring it.

The Beginning of Revolt

Amongst those whose contribution to the human economy consists of power embodied in machines, some are refusing to sit idle and hungry beside the rusting marvels of their invention, whilst in the great spaces of the earth, food and the material of clothing are destroyed, and the toilers rendered destitute. They will no longer preserve the money pyramid in supreme power for such unnatural purposes. They arise, the one and the other, and arrange together to unite their obvious power, by direct exchange of their products. And if the notes they render one another in record of the transaction are not given the name of money, who is the worse for that, save those who have held the world to ransom in terms of that artifice?

On the large-scale and the small; in the world-trade and in the limited range of products of a district, the primitive method of barter is arising to alleviate the closure upon interchange of goods between peoples. And deprivation of money tokens amongst those who can no longer be supplied with them through payment for saleable products, is not quite so completely permitted to prevent the mutual services men naturally love to perform.

The Challenge of Barter

The method of barter is the answer of ordinary wisdom to the money power, in whose eyes the peoples of the

world exist only as security for mortgage. This method has severe limitations, but it enlightens; and in the changed vision it betokens, lies the power to go further.

For in the process of material interchange, activity occurs where would otherwise be stagnation. Men of the sea and their vessels are needed; manufacture and the organisations of distribution are quickened. And once the industrial and the agricultural centres of the world begin to relieve their unhappy condition by this means, the pyramid is undermined, and a policy is inaugurated which deprives of power the operations of finance.

Finance is no-thing; it is only a policy. Attack that; and the immense power melted like snow in the sun. Money is not fought with money; it is not fought at all; it is foregone, that those for whom the token is the reality may come to their senses.

A Very Vulnerable Power

Thus, even in overcoming the evil Colossus of the world, a new epoch is inaugurated. The sane mind which informs the peoples of the world *acts*, and history is made. The great mass of men at the base of the pyramid begin to lower their hands which, Atlas like, have supported the world, and, behold! the weight that crushed them was an illusion! The world they were supporting was not the real world but an insubstantial globe of riotous fancy. It begins to float away. Millions of noughts are struck off the record of the world's indebtedness; even the annual tribute for recording the noughts is not being paid.

Frantically, the creators of money book new and ever larger debts against the human race. But the support they have relied upon fails them. Men are turning attention to their proper business. From the depths of tribulation comes the urge. Men in their infinite variety begin to handle their real wealth; to find in so doing the richness of their own resourcefulness, the wealth of their own minds. Broad-based, and with eyes no longer dazzled—either in fear or in hope by the spectacle of ruthless power above them; using their limbs and their intelligence upon their own affairs, the imposing superstructure they had deemed solid, floats away. And they care not in what oceans of the Moon it finds a watery grave.

With that revolutionary change—so simple as a technique, so incalculable a blessing as an order of society—the very tendency to centralise power in ever larger units will pass, as well in the industrial and political realms as in that of finance itself. The individual will achieve the aim of Social Credit: "maximum control over environment." And so doing, his soul will be satisfied and creative; the morbid impulse to subject all men's ways to dictation, on pain of death, will pass away, for men will allow themselves to be combined and directed only for agreed purposes, and in useful ways to achieve those objects. The ability to handle men will be used, but it will cease to be exercised as an end in itself. The sign of the pyramid will pass from human affairs.

DEMOS.

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By the Way

"The bankers are the only class of German Jew who so far, and in the main, have escaped persecution."—*Observer*.
That's only fair. You can't persecute the one profession to save whom the red-herring of the Jew-baiting is being pursued.

* * * *

"Satisfaction at the prospect of having to pay less in taxation is tempered in the case of many motorists by the decision of the tariff insurance companies to increase their rates in certain areas."—*The Times*.

So that, what the banks don't collect from taxation they gather in from their other collecting agent—insurance companies.

For "tempered" read "bad-tempered."

* * * *

"They needed not only equalised imports and exports, but a favourable trade balance."—Dr. Schacht.

So, exports must exceed imports and at the same time equal them. That will really test a Dictator's omnipotence.

* * * *

Bankers prefer a large number of small loans to a small number of large advances, security, of course, being equal.—*Times City Notes*.

The more debtors, the more chance of some of them being able to repay—security, of course, being in fact unequal.

* * * *

"Mr. MacDonald's . . . intention to give younger Ministers' a bigger say in the framing of policy. By doing this, he hopes, the criticisms of the Government on the score of senility will be stifled."—*News-Chronicle*.

And replaced by criticisms on the score of infantile paralysis.

* * * *

"Lord de la Warr's far-sighted contention that agricultural policy should ultimately aim at securing a greater consumption of better food . . ."—*The Times*.

Far-sighted is right. Looking backwards a few million years, he discovered that primitive man grew food with the ultimate aim of eating it. It's a new one on *The Times*.

* * * *

"Nevertheless, 'unemployment is disaster.'"—Labour Correspondent of *The Times*, on the Tyneside situation.

Ideas have changed. Adam didn't think so. But the fruit and vegetable were there before he arrived, so he didn't have to raise a War before he could grow any. The result is, there was no gap between his effective demand and the produce available. Even the Serpent hadn't invented banking—then.

* * * *

"The most important function of the banks is to give credit," says Sir John Simon.

Or, more correctly, to lend stolen property.

* * * *

"Germany's Barter Plans. Opening Australia's Markets."—Heading in *The Observer*.

How far open will they get before the banks tell them they are using the wrong tin-opener, and offer them a loan instead?

* * * *

"Level-crossings problem. Cost the obstacle to solution."—More headings in *The Observer*.

Put plainer terms—the railway and road traffic of the country must be held up through lack of paper money. Use More Feet.

* * * *

"So much for the justice of the regulations. Their generosity is equally indisputable."—*Times* leader on the draft regulations of the Unemployment Assistance Board.

"The basic allowance has been fixed at 24s. a week for a man and wife paying an assumed rent of 7s. 6d."—*News* columns same day.

Generosity? Indulgence! That leaves them 8s. 3d. per head for food and clothing! How can trade revive while it is slowly strangled to death by taxation to pay for the dole-fed debaucheries of a paupered and profligate proletariat?

* * * *

"To seek an escape by making the productive machine less productive must be wrong."—Prof. J. M. Keynes, broadcasting in "Poverty in Plenty" series.

Stop him, he's going Bolshie!

What to Read

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

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

Books :

Economic Democracy	6s. od.
<i>This book, the original statement of the philosophy of Major Douglas, is temporarily out of print. It will be re-issued about December at 3s. 6d.</i>	
Social Credit (new edition)	3s. 6d.
<i>This book continues the philosophical background of the subject and includes the Draft Scheme for Scotland as an Appendix.</i>	
The Control and Distribution of Production	7s. 6d.
<i>Temporarily out of print. It will be re-issued about December at 3s. 6d.</i>	
Credit Power and Democracy	7s. 6d.
<i>Will be re-issued shortly at 3s. 6d.</i>	
Warning Democracy	7s. 6d.
<i>Will be re-issued shortly at 3s. 6d.</i>	
The Monopoly of Credit	3s. 6d.

PAMPHLETS :

These Present Discontents: The Labour Party and Social Credit	1s. od.
The Use of Money	6d.
The Nature of Democracy	6d.

The following are books and pamphlets expounding and supporting the Proposals of Major C. H. Douglas from various points of view:—

The Douglas Manual, by Phillippe Mairat	5s. od.
<i>This is in the nature of a concordance of the works of Major Douglas, and is a most valuable book of reference.</i>	
Economic Nationalism, by Maurice Colbourne	3s. 6d.
<i>This book introduces the subject in easily assimilated form for readers of no previous knowledge of the subject.</i>	
The A.B.C. of Social Credit, by E. Sage Holter	3s. 6d.
Ordeal by Banking, by Allen Young	2s. od.
Introduction to Social Credit, by M. Gordon Cumming	6d.
Poverty Amidst Plenty, by C. F. J. Galloway	6d.
An Outline of Social Credit, by H. M. M.	6d.
Poverty Amidst Plenty, by the Earl of Tankerville	6d.
Short Papers on Money, by the Marquis of Tavistock	6d.
The Nation's Credit, by C. G. M.	4d.
The Abolition of Poverty: A Brief Explanation of the Proposals of Major C. H. Douglas, by R. S. J. Rands	4d.
The Douglas Theory and its Communal Implications, by Fred Tait (revised edition).	3d.
Outside Eldorado, by J. E. Tuke	3d.

The following books and pamphlets support the general analysis and proposals of Major Douglas but are not devoted solely to the exposition of Douglas Social Credit:—

The Coming of Community, by W. T. Symons	7s. 6d.
This Age of Plenty, by C. Marshall Hattersley	3s. 6d. and 6s.
<i>Perhaps the most popular exposition of the paradox of shortage amidst plenty. This book has done much to spread the conception of potential plenty held up by financial restriction.</i>	
Life and Money, by Eimar O'Duffy	5s. od.
Community Credit, by C. Marshall Hattersley	1s. od.
Men, Money and Machines, by C. Marshall Hattersley	3d.

Report of the Economic Crisis Committee of the Southampton Chamber of Commerce 6d.
Though not falling into any of the above categories this document will repay the study of our readers. It is a masterly analysis of the present economic situation.

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

THE LEADERSHIP OF CENTRALIZED CONTROL

Why We Are Menaced By Increased Regimentation

POSSIBLY the greatest obstacle to the attainment of Social Credit is the attitude of mind which holds that centralised control of men's lives is essential.

I am less concerned here to refute this blasphemy than to examine the extent to which the centralisers justify their claims to control, judged by accepted standards.

The centralising theory finds its most important supporters amongst the financiers who decide, and the civil servants and politicians who administer, the policy of control; and the means they employ is economic compulsion.

Now, logically, those who aspire to positions of national control, take on the obligations of leaders; they assume responsibility for the welfare as well as the direction of the community. Let us examine the leadership which this country has experienced during the last 15 years.

At the end of the war Great Britain, in spite of vast losses in men and materials, was richer in physical assets than she had ever been before. New means of production, better organisation and improved communications, held out the prospect of a much higher standard of living for all in the immediate future. A re-adjustment of our war efforts to meet the needs of peace seemed to be all that was necessary to provide those homes for heroes, which vote-seeking politicians had promised.

Less than two years after the Armistice we were gathering the Dead Sea fruit of these promises. Men were being turned out of employment by the thousand to starve physically and spiritually on the dole; the middle-class was riddled with economic insecurity; many of the employers were facing bankruptcy; a gigantic sabotage of our national plant had begun.

England as a society of producers and consumers was sliding steadily down the slope of industrial values from A1 to C3; her green and pleasant land lay in the grip of "sound finance." The "morte gage" of international usury has maintained its strangle-hold ever since.

Military Leaders have More Sense

Compare this situation with the normal standards of leadership; say, those of a military commander in the field. Imagine a general, whose lines of communication are working admirably, whose base depots are full of every material necessity which his army requires, whilst behind him is an industrialised nation ready to replenish his needs at a moment's notice.

In order to encourage his men to fight, he decides to reinforce his ordinary powers of control by threatening to deprive his front line troops of food, clothing and shelter, whilst his reserves are placed permanently on quarter rations. As an excuse for this novel method of imposing discipline and raising morale, he gives out that this step is essential because the stock of Army Form XYZ, on which supplies are demanded from the depots, has run short.

Not even the village idiot in uniform would be deceived or improved as a soldier by this. Yet quite intelligent persons are ready to subscribe to the necessity for dragging the civilian population to fight the battle of life in peace time through the agency of economic compulsion.

Government by Economic Pressure

I know that I shall be told that the foregoing analogy is not exact; that the military leader has much greater powers of direct control than the civilian authority, and that the latter must apply indirect economic pressure in order to keep his "army" to its task.

My reply to this is twofold. In the first place, the general has a limited objective, the winning campaign, the attainment of which involves danger and discomfort for his army, and therefore a rigid code of discipline is essential for the task in hand. In the second, the civilian leader has no definite goal, and the conditions which he administers need be neither arduous nor unpleasant. His position is at most a co-ordinator of collective effort towards an unknown destiny.

The fact is that those, who arrogate to themselves the control of the nation's life, are attempting to govern by a method, which the most re-actionary militarist would not advocate as the sole means for attaining a limited purpose. They rely mainly on fear, the meanest motive for influencing men.

The fear they seek to impose is a reflection of the fear in their own souls, the craven shrinking from those whom they have wronged so deeply in their lust for power. Leadership is only tolerable when it is accompanied by a full responsibility for the led. Our financiers have no such responsibility. They like to pose as big business men because they deal in big figures, but that is no criterion that they possess the administrative ability to run a sweetshop, and their policy is an attempt to make facts fit figures in the interests of their own profit and power.

Their Objective—The Servile State

The Treasury official lives his life in an office. He never deals with men or with things, but only with figures, the mere symbols of reality. His whole importance is derived from these symbols, and, if men and things do not correspond to his sums, so much the worse for the former. The politician has even less excuse for the notable lack of leadership which he displays to-day. He, at least, is directly responsible to his constituents, and has, or should have, more direct touch with the realities of life than the credit-mongers of the City and their Whitehall cronies. But the "noblesse oblige" of the elected representative has no place in the meretricious atmosphere of present day politics. A Legislature that pretends to decide policy, but at best can only re-adjust details within financial limits imposed by the usurers of London City, is based upon a lie. The Mother of Parliaments has become a whore disguised as a lady.

The complement of irresponsible leadership is servility. The British freemen, vulgarised by a kept press and debauched by charity, are busy scrambling with each other for employment as the only means of obtaining the goods tickets doled out by the money lenders. The squires of England stand hat in hand in bank parlours craving a job for their offspring, or barter honoured names for a directorship of some financial institution. Whilst the fat men of Lombard Street shrewdly enlist the best products of our public schools into their service, and shackle to their ledgers the peculiar loyalties of the "old school tie."

The Victims of Ignorance

Some twenty-five years ago an American general, Homer Lea, wrote a remarkable book called "The Valour of Ignorance." I quote one passage from memory:—

"The most promiscuous murderer in the world is the ignorant military officer. He slaughters his men by wounds, by disease, by neglect . . . He makes cowards of them. The dead are hecatombs of his ignorance; the survivors grisly spectres of his incompetence."

General Lea did not live to see the post-war conditions of this, and his own country. Had he done so he might have included in his restrictions others besides the incompetent soldier. At least he would have admitted that the latter performs his duty in circumstances of great physical difficulty, whereas the money-lenders, who decide our lives, and their masochistic satellites in Whitehall and Westminster, who bleat of "economy" and "sacrifice" in a world bursting with material plenty, have no such excuse for their failure as self-appointed leaders.

K. M.

1934—1935

I asked old Time: "Of all the years now fled
Which with true values has been most alive?"
"The '34 that's just flown by," he said,
"And better yet will shine the '35."

O men of this day! Your scornful smile
Should mock the timid cant of money-kings;
They sigh *World Crisis!* and *Depression!* while
Our New Year's hymn the AGE OF PLENTY sings.

Two thousand millions is earth's racial sum;
These white and coloured hosts will never cease
The onward urge until in joy they come
From illth to wealth, from war to world-wide peace.

(The Season's Greetings from FREDERICK J. GOULD.)

DISEMPLOYMENT

The Politicians versus the Inventors

ALL political parties continue to put forward the finding of employment as the primary national problem.

At the same time, inventions continue steadily to displace labour, as the following summaries from press reports clearly show:—

Miners blame mechanisation.—*Reynolds*, October 6, 1934.

Welding device means less labour. ½-lb. machine threatens 40,000 men.—*Daily Mirror*, June 6, 1933.

Wonder shoe invention. A firm producing 10,000 pairs weekly would only require 4 men, with few operatives for odd jobs.

Machines to count "dole pence" so that clerks shall have more time for work of finding work.—*Daily Express*, July 7, 1934.

People watch Fordson tractors at Boreham, Worcestershire, pulling New Implements developed within last few months. These do as much work in 20 minutes as was formerly done in whole day.—*Sunday Graphic*, July 29, 1934.

"Potted Bricks." From kiln to scaffold in one container. Materials untouched by hand from loading to site. L.M.S. making 850 new road-rail containers.—*Daily Express*, August 9, 1934.

Full speed harvest. Everything done in a day. New methods of harvesting, etc.—*Daily Express*, August 20, 1934.

Razor blade which never needs sharpening "would ruin all razor blade manufacturers" if put on the market. Impossible at present because costs £30!—*Daily Mirror*, September 11, 1934.

All-electric farm. Hops dried by power.—*Daily Express*, September 13, 1934.

Teleprinter supercedes Morse Code. 100 average telegrams now sent per hour against 35 by "dot-and-dash."—*Daily Express*, September 13, 1934.

"Blackpool Wheel" of Boot and Shoe Industry fixed soles to uppers at rate of 200 dozen pairs per day.—*Daily Herald*, October 8, 1934.

Brighton Post Office machine sorts 200,000 letters per day. Three times as fast as hand sorting.—*Sunday Dispatch*, October 21, 1934.

L.M.S. Railway Company's "Puffing Billy," a new shunting engine of 200 h.p. capable of drawing load of 700 tons and working 24 hours per day.—*Evening News*, November 13, 1934.

New process for wool withheld because it revolutionises Woollen Industry, and if put on market the Woollen Industry would be in chaos.—*Sunday Dispatch*, November 25, 1934.

Robot controlled aeroplane.—*Evening News*, November 26, 1934.

At the Machine & Tool Engineering Exhibition 1934

Machines to make machines in half the time formerly taken.

Motor car hubs produced complete in 9 minutes: half time taken before.

Solid steel sliced into accurate pieces at 18-ft. per minute: half time taken before.

Sparking plug bodies produced complete in 6 seconds: one-sixth time taken before.

Fourteen holes drilled in brake shoes in 2½ seconds: one-tenth former time.

Light ray controls cutting of steel to less than 120,000th of an inch.

—*Evening Standard*, November 13, 1934.

What About It?

Facts such as these would appear to raise the following question: Will the next Government scrap some of our machinery and make further labour-saving inventions illegal, or will it take steps to provide the people of this country with enough money to enable them to purchase the products of the machinery whether they work or not?

T. H. STORY.

Social Credit and the Home

MOST people who attend Social Credit meetings are familiar with the person who wants to know who will do the work when everybody draws a National Dividend. "How will it affect the Home?" they ask. "Will the domestic servant disappear altogether?"

Probably the type of employer who requires another human being at his beck and call from morn till eve, will soon disappear, but we need not be very sorry about that.

With the simplification of the home, however, and the increase in labour-saving devices, there is already a decreasing demand for servants. Science is making house-work a healthful exercise rather than a drudgery, and millions of homes are run quite easily and efficiently with the aid of the bi-weekly or weekly "char."

Although in cases where this lady is a married woman with a family she will probably cease to "oblige," her place may be taken by a healthy young unmarried woman who will no doubt be glad to augment her dividend by doing a little work. Few will be content with their "divi" while there is a chance to earn more by working short hours under favourable conditions.

A Domestic Revolution

Obviously there are certain jobs which machines can never do, such as caring for the sick, or young children, and although no one would wish to perpetuate a system of thinly-disguised slavery, so that slave labour may be available, it is natural to wonder how the new Age of Leisure is going to affect these callings.

There are many women who feel that nursing is their vocation, but who are debarred from following it owing to the impossibly arduous conditions of the nursing profession imposed by financial straitness. This would no longer exist under Social Credit. Pay could be adequate, hours shorter, and nurses, no longer wholly dependent upon nursing for their livelihood, could work under healthier and happier conditions, and with adequate holidays and relaxation.

Nurses who have an innate love of children, but no children of their own, might relieve mothers of families. It would be a labour of love and not a matter of bread and butter. There might be "morning" and "afternoon" nurses. Incidentally, a great deal of the sickness we now "enjoy" would disappear, for it can be traced to financial worries, unsuitable work, and so forth.

In cases of serious illness or accidents, nursing home fees would no longer be prohibitive, and nursing homes would be more attractive.

The End of Drudgery in Sight

No doubt during the first few years of Social Credit, there would be many readjustments. It seems certain that "home" will never again be the prison it has been to many women in the past. Modern women will not sacrifice health, looks and temper to the house; they will prefer to do the necessary work as quickly and easily as possible, so that they may be free for other activities. They will use all the labour-saving appliances which many of them can now only admire enviously.

There is, for instance, a device for making an early morning cup of tea by simply touching a switch. This turns on the current and boils the kettle which automatically empties itself into the tea-pot. The current is then automatically turned off and a bell rings to announce that tea is made.

There are endless possibilities. Perhaps firms will clean houses by contract, much as window-cleaners come to clean windows. Enterprising persons will probably go round serving hot dinners from a van.

Whatever kind of world we eventually live in, it will be better, saner, happier and more harmonious for everybody, including the housewife. Nobody at all sensitive can feel at ease with a hired help who is only restrained from bolting through the door because she knows there is starvation on the other side of it, and that "sleeping in" is only just preferable to "sleeping out."

D. BEAMISH.

The Accountancy of the National Dividend

A Note in Answer to a Correspondent

THE problem of the withdrawal of money issued as consumer credit is I feel a very proper one for sceptical enquiry. I do not think it can be satisfactorily answered except by separating the book-keeping aspect of the matter from the picture folks have in their minds of a mass of unredeemable money. Therefore I would offer as reply to the question posed in your letter:—

(A) The national credit account which Douglas would set up, to express the total of the capital assets of the country in money terms, would have debited to it periodically, all issues of consumer credit whether in the form of price compensation or national dividend. The total of *these two* issues of a period would be put over against the entries of *increases* of the real national wealth of the preceding period, and the books of the "Drawing Account" would thus be balanced. That is the book-keeping aspect of the matter, and would be the means of regulating the issues of money so that claims upon the national wealth should never exceed the proved physical ability to meet them. The National Capital Account would be maintained. Having ascertained the monetary expression of the increased wealth of a period, the money issued on account of it can be distributed in three ways:

(a) by discount to consumers in the prices of consumable goods, (b) by direct distribution of personal incomes and, (c) by allocation to public services of all kinds (in lieu of collecting the necessary funds by Taxation). The last is in reality only a sub-division of the allocation for the Dividend of the period. The total issued in the three ways would not exceed the proved net increase of national wealth since the last balance was struck.

(B) The money issued under either of these heads would obviously represent *expenditure previously incurred*, since all increases of wealth are brought about by the expenditure of money.

The money issued by the State would therefore be, in one form or another, "earmarked" to discharge of the money

costs incurred in bringing about the increased wealth, *i.e.*, its expenditure by the recipients would meet and discharge debt, upon which it would either go out of existence (in so far as the debt—a very large proportion now—was direct bank credit; since the banks in writing off a loan necessarily and properly cancel the money out of existence), or it would replace depleted resources (in so far as the debts incurred in production were owed to individuals or firms whose solvency, *i.e.*, their ability to go on producing, depended upon recovery of those sums).

Thus the theory of the Dividend proposal is the discharge of previous debt, which can now only—and with decreasing success—be discharged by incurring fresh debt, thus merely throwing the liability forward a stage and subjecting the common life, more and more, to the policy of the banking system, which has the monopoly of credit creation.

It is a matter of public policy as to what *proportion* of the national credit of a period shall be issued directly as income, or indirectly in relief of prices. In any event, price regulation is believed by the Social Credit Movement to be an absolute preventive of Inflation. (Inflation is not the issue of additional money but its issue in such a way that prices of goods at market rise to absorb it.)

It certainly is Douglas's anticipation that some of the new money reaching individuals as dividend, would ultimately be utilised for financing enterprises which are at present dependent upon the creation of fresh indebtedness to the bank.

There can be no doubt that in the vast complex of a modern community, the simple, theoretical, basis would need safeguarding by various regulations (some of which Douglas anticipated in the Draft Social Credit Scheme for Scotland). But Douglas relies, in the main, upon bringing about a situation of such greatly eased stresses between all sections of the community, that administrative and class questions would tend to be settled in an atmosphere of reasonable concession.

W. T. S.

Social Credit and the Experts

SOCIAL CREDITERS are sometimes told that no acknowledged authority on Finance or Economics has given the Douglas proposals friendly consideration; also that none of our foremost politicians will support the Scheme, and that the Committee appointed by the Labour Party to enquire into it stifled all hope of its ever being adopted as a plank in the Labour platform.

In reply it should be pointed out that experts have continually been proved wrong in the past and that an appeal to authority is no argument in these days of swiftly-changing conditions.

The recent splitting of the atom is a good example. A young man named Rutherford (now Lord Rutherford) actually occupied a platform seat when Lord Kelvin made his famous pronouncement about the impossibility of doing what, under Lord Rutherford's direction, has just been accomplished. Two other instances are:

(1) Sir Isaac Newton's belief that no satisfactory correction could be made for chromatic aberration in lenses. This belief was based on the results of an experiment that would have convinced ninety-nine people out of a hundred; yet nowadays First-year students in optics can point to the exact spot where Newton's reasoning broke down. A useful example this, for dealing with people who look askance at our presumption when we suggest that their pet economic experts are talking nonsense. It is a big claim to make, but a perfectly just one, that the least of us who has thoroughly grasped the simplicity of the Douglas remedy is a better economist than all the accepted authorities put together.

(2) The predictions of mathematicians and physicists that it was impossible to send a wireless message round the earth to be received at the point of transmission. Marconi's preparations were shown to be futile by the professors—until the thing had actually been done—when their bewilderment was matched by their subsequent complacency on discovering that the Heavyside layer explained the seemingly impossible.

Most criticisms of the soundness of distributing a National Dividend resemble those of Marconi's experiments.

The objection that the remedy is too drastic for the ailment generally comes from some erudite economist so enmeshed in theories that he has failed to descry the "Heavyside layer" of actual and potential plenty.

Many other examples equally effective can be found. Faraday, Edison, and Parsons, to mention only three names of eminence, all met with opposition that would have been completely cramping had it not been academically, rather than socially or politically, obstructive.

There is, of course, one expert, well known to all Social Crediters, who stands in a category by himself. This is Mr. Montagu Norman, who has openly declared that the financial problem is too great for him and that he approaches it in a spirit of deep humility.

It is rare, though not unprecedented, for an expert to admit himself inadequate. What is unique is that a self-confessed failure should continue to be allowed to control the economic destiny of a nation.

C. B.

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Correspondence

Our correspondence is steadily increasing. This is a very welcome sign, as indicating growing interest in this journal and its subject. As, however, our space is obviously limited, we appeal to readers to make their communications as brief as possible.

The Value of Local Newspapers

TO THE EDITOR OF SOCIAL CREDIT.

Dear Sir,—The following resolution was carried unanimously at our usual monthly meeting.

"That this meeting desires to place on record its deep appreciation of the public spirited and broad minded attitude of the Editor of the *Romford Times*, and *Essex Times*, in allowing a very considerable amount of valuable space to letters from correspondents dealing with matters of local interest from the Social Credit viewpoint."

It is rare that a week passes without a letter appearing in these papers from one or more local Social Crediters, and a growing number of readers make a point of looking first for our letters. A considerable amount of keen discussion is caused in numerous little groups in private houses in the district, and the papers are going to friends in other parts of the country.

Yours faithfully,
W. H. CASTOR,
Chairman Social Credit
Group of Romford.

"Made In Japan"

TO THE EDITOR OF SOCIAL CREDIT.

Sir,—Touching upon the interesting letter by Mr. Kaikhosru Shapurji Sorabji, in the current issue of SOCIAL CREDIT under the heading of "Made In Japan," I have before me an article written by "A Japanese Business Man" and published by the *Morning Post* which would certainly seem to bear out the fallacy of Japan's "sweated" labour. The article is a lengthy one, dealing with hours of labour, pleasure and recreation, free medical treatment, the attention given to the laws of hygiene and sanitation, ample bath facilities, (and the operatives take their bath every day) and illustrations are shown of dining, reading and rest rooms which compare very favourably with any English factories I have visited during the course of my business career.

The article concludes "Sufficient has been said to show that so far from "sweating" labour, great pains are taken to make the work and life of the operatives as pleasant and enjoyable as possible . . . The allegations of cheap wages, long hours of work, and "sweated" labour are absolutely unfounded, and to attribute the success of Japanese industry to these false allegations is not at all fair."

Yours faithfully,
STANLEY BURTON,
Hon. Sec. West Wight Douglas
Social Credit Association.

December 10, 1934.

Hidden Strings

TO THE EDITOR OF SOCIAL CREDIT.

Dear Sir,—Mr. Lloyd George has announced a campaign "to build up a Britain which shall be an object lesson for the world." If he was speaking truthfully this could only mean that he was taking up the Social Credit Electoral Campaign but he goes on to say, that unemployment is an internal enemy, thereby disagreeing with Major Douglas's assertion in his excellent Birmingham speech that unemployment is an asset. So we can take it that whatever the campaign is it is not Social Credit. But what is it? Lloyd George declares that it is non-political, and that politicians of all shades of opinion are supporting him.

A prominent Social Crediter recently observed that when Finance was beginning to feel the pressure of public opinion it might offer some kind of palliative that would confuse the public, thereby hindering the full realisation of emancipation through Social Credit.

Does this mean that Finance has gone to the one man, who, has platform eloquence and public appeal?

Yours faithfully,
L. SPEIGHT,
72, Moor Rd., Farnley Tyas, Huddersfield.
December 17, 1934.

POINTS FROM LETTERS

The Labour Party and Social Credit

I do not agree that the Labour policy is the only one "which sincerely aims at the betterment of conditions for the oppressed." The aim of the Labour Party is one with the aim of all political parties (and is no more nor less sincere), namely, to provide for "the betterment of conditions for the oppressed" by means of providing them with work in the industrial system. The Labour Party is more directly "interested" in this aim than other parties because it wishes to preserve the importance of, and obtain rulership for, its own particular class and party. In other words its real interest is one of class and party, rather than that of common humanity. This alone can explain its blind refusal to recognise the fact that the machine is daily reducing the importance of its class, *as a class*, to the community; and the further fact of the increasing impossibility of distributing the output of the machine to the members of its class by means of wages alone, or by taxation.

I see no reason to attempt to "graft to Labour" lest the Fascists may graft to us. For the Labour and Fascist aim is substantially the same: each desires to establish the "work" state under the aegis of its own particular class. The aim of Social Credit is the emancipation and freedom of the individual. It is not for Social Credit to graft to Labour or any other party, but rather for the party that is able and willing to see the truth to "come over" to Social Credit.—B. C. BEST, Bromley.

Social Credit and Birth Control

I have noticed more than once in Social Credit papers unprovoked propaganda against Birth Control and gratuitous sneers at Dr. Marie Stopes. The issue of Birth Control is not, of course, very important on a long view. Protestants have accepted it, the more intelligent Anglo-Catholics are already persuaded that the practice is not necessarily wrong in itself, and Roman Catholics are retreating from their apparently uncompromising opposition of the past. A generation or two hence contraceptives will be considered no more harmful morally than anaesthetics in childbirth.

But though the present disagreement about Birth Control is unimportant *sub specie aeternitatis*, yet contraceptives are a valuable and useful invention from an individual economic point of view so long as Social Credit is only a theory. When Social Credit is itself a practice, most if not all of the economic reason for contraception will have gone. Yours faithfully, J. D. V. WARD.

Mr. Doyle states that the practice of birth control is expressly forbidden by our Creator, and I should like to ask for his authority for this statement. The Bishops of the Anglican Church, at the Conference held at Lambeth Palace in 1930, acknowledged that there was no direction of the New Testament against birth control, and proceeded in their Encyclical and Report to state that scientific methods . . . are not to be condemned.—R. A. BROWN, Nethercraigs, Paisley.

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W. MacROBERT, Prop.

Money—A Few Reminders

MONEY is not wealth, but a means of its exchange and distribution.

Real wealth is consumable and usable goods and services and the potential means of providing them.

Gold is not real wealth, and only has value because nations have agreed to give it a fictitious price.

Money is any medium which has reached a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will refuse it in exchange for his product if he is a willing seller. It has no value in itself and its only real value is the real wealth for which it can be exchanged.

When anyone other than a bank lends money, he parts with the use of something he owns. When a bank makes a loan it parts with nothing; it simply makes entries in its books.

Bank credit functions as money. Any business man will accept a certified cheque in payment as readily as bank notes.

The bank may be called upon to convert the book credit into cash; but experience has shown bankers that not one borrower in ten asks for cash, and therefore they feel safe in lending credit to ten times their cash assets. In times of crisis, such as war, they cannot meet their liabilities, so call upon the government for a moratorium.

It is estimated that there is about £2,000,000,000 of so-called money in this country. Of this the State-issued money (*i.e.*, coins) amounts to £58,000,000. The remainder, £1,932,000,000 is bank-created money, or credit.

Bank notes are issued by the Bank of England, not by the State. The Bank of England is a private concern.

How is money made? A successful man is said to "make money;" but if he actually did make money he would be liable to imprisonment for counterfeiting or forgery. Under present conditions only banks can make money without the risk of imprisonment.

Banks create money by lending credit or by buying property or securities. As the Rt. Hon. R. McKenna, Chairman of the Midland Bank, said, "The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits. We know how this is effected. Every bank loan creates a deposit and every repayment of a bank loan destroys one."

Mr. R. G. Hawtrey, of the Treasury, has amplified this description of the origin of money by saying, "The banker creates the means of payment out of nothing."

So we see that no matter how much real wealth a nation may be able to produce, it rests entirely with private banks to decide how much money there shall be for buying and selling it.

Therefore, when a nation finds itself—as Great Britain now finds itself—capable of providing all the necessary goods and services it requires but without enough money to use them, it should be obvious where the primary need for reform lies—namely, in the banking system.

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HUMANISING GAS

I AWAIT, with an eagerness that I can scarce control, for the flood of New Year prophecies of peace and prosperity which our press and politicians annually dispense.

Even without waiting for the official heralds of the millennium, I can point to considerable evidence of the dawn of a sweeter, gentler age, in addition to the relief (about 6d. a head) which has occasioned such rejoicings in the distressed areas.

Take, for instance, poison gas. The recent speech of Dr. Levinstein, formerly managing director of British Dyestuffs Corporation, Ltd., and consequently an authority on die-stuffs, unlimited, afforded us ample proof that humanity is reaching ever on and up. He made a similar speech four years ago, by which we may conclude that he is not only an



Rejoicings in the distressed areas at the prospect of relief

earnest humanitarian but an enterprising publicity agent for the old firm.

His assurance that poison gas is the most merciful of all forms of warfare was the more welcome in that he added that war was necessary. For, since we can't escape it, and must regard it as a permanent institution, it is only natural that we should make it as pleasant as possible.

We shall all endorse his statement that chemical gas is less brutal than the older forms of weapons. The unpleasantness hitherto associated with war has always been a cause of deep concern to nice people. And, with an unlimited field of invention before them, scientists may be counted on to produce gases so pleasant, that mankind will become addicted to war for the same reason that men now take to opium. So that instead of saying "Your country needs you," we shall say "Goodnight, and pleasant dreams," and the papers would head the casualty lists with the comforting observation, "O gas, where is thy sting?"

After all, nations are civilised now, They no longer have wars because they like them, but through sheer economic necessity—that is, the maintenance of a sound banking system.

They do not kill each other because they like doing it, but because victory depends on the enemy becoming incapacitated for the duration. It is the incapacitating they aim at, not the killing. Nothing would please the Government of a Christian country more than to have some means of putting the enemy comfortably and happily out of action for a specified period—for instance, sending him to sleep while our trade revived at his expense, so that he would wake up and find we'd got his market.

The friction hitherto accompanying international strife would be reduced to a minimum. There would be only two invasions—one, at the commencement, in which fleets of aeroplanes would drop bombs all over the country and put the whole population to sleep and the other, when

victory was achieved, in which van-loads of alarm clocks (the only item for indemnity) would be distributed throughout the country to wake the enemy up.

I am not saying that war will be without its dangers. The worst will be that both sides might send each other to sleep simultaneously. This would mean a double calamity; **not only** would it afford an opportunity for some crowd of uncivilised outsiders, such as the Esquimos or the Russians, to stroll in and pinch our trade, but our great men would go to sleep in the middle of their recruiting speeches and their immortal words would be lost to history.

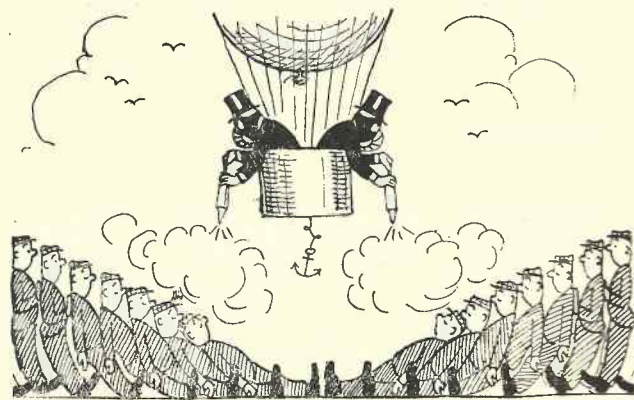
Our motto must therefore be—"Prepare!" (Copyright).

The civil uses of poison gas are, of course, even more obvious than the military ones. The greatest problem of our time is how to get rid of our surplus population, by which I mean those lower orders who, being no longer needed for industrial production (their place having been taken by machines which are much more clean and obedient and do not have to eat), and are of no possible use to anyone but themselves and their wives and families, who are, in turn, of no possible use to anyone but their husbands and fathers.

In this connection, the press last week referred to a function held at Claridge's Hotel. The reports were headed, "Limitation of Population Dinner."

The large number of titled and affluent guests had gathered, apparently, rather for the purpose of reducing the size of the population outside Claridge's than for forming suicide pacts.

The guests included many advocates of birth control; but it is possible that the reason why the meeting took the form of



The value of poison gas for the solution of economic problems is obvious.

a good binge at a famous and expensive restaurant was to celebrate the dawn of the Era of Gas. Just so one might, on minor occasions, have Limitation of Population Lunches and Teas, and even, when time is short, Limitation of Population Quick Ones.

We cannot wait for the solution of this problem until the mass of the people have been cured of their obstinate insistence on being born. Their lack of intelligence renders them blind to the truth that Production is our only economic need and Consumption is an unnecessary expense and a burden upon the Exchequer.

A humane lethal gas should solve this problem. The slow and efficient methods of birth control and statutory standards of diet must be replaced by mass-production of limitation.

Care must be taken, however, not to confuse the limitation gas with the war gas. We don't want our redundant masses to wake up again. But foreigners are always useful for the absorption of our surplus production, and we do not want to get rid of them permanently.

YAFFLE.