

SOCIAL CREDIT

A JOURNAL OF ECONOMIC DEMOCRACY.

The Official Organ of the Social Credit Secretariat.

Vol. I. No. 7.

FRIDAY, SEPTEMBER 28, 1934,

Weekly 2d.

CONTENTS

	Page		Page
Notes of the Week	73	The Case for the National Dividend by Hilderic Cousens	80
The Australian Election.—By Major Douglas	76	The Money Power as Exploiter.—An example from Fiji.—By Fred Tait	80
Subsidies—The Difference between them and the National Dividend	76	British Experiments in the Use of Subsidies	81
Foreign Trade under Social Credit.—By M. Jacklin	77	Social Credit and the Labour Party.—By H. Norman Smith	82
Social Credit Principles.—By Major Douglas	78	Notices of Social Credit Meetings	82
The Distressful Country—Ireland and the Money Shortage.—By T. Kennedy	79	Imports Must Stop.—By Yaffle	84

NOTES OF THE WEEK

FINANCE TOO COMPLICATED TO UNDERSTAND?

MANY people who believe that the financial system is defective are deterred from criticising it because they think that Finance is too complicated for them to understand.

Because they cannot comprehend the sort of jargon that appears in the Press financial columns they think that only an expert can deal with the subject.

This is a mistake. It is not necessary to know the technicalities of any system, financial or otherwise, before one knows whether it is acting properly or not. All normally intelligent people know what the true function of money is, and whether the financial system is performing that function or not.

We would therefore urge our readers to use the same methods of judgment towards the money system as they use in the ordinary affairs of life.

Suppose, for example, you wish to take a taxi to a certain place. You do not wait until the taxi stops, lift up the bonnet, look at the engine, and say, "This is too complicated for me to understand, I'd better walk."

You know all that is necessary to know about a taxi in order to use it. You know what it is supposed to do; you know where you want to go and that it is capable of taking you there.

The Practical Question: Does it Work?

Further, you understand perfectly the true relation between the public and the technical expert who professes to serve them. If the taxi breaks down, half way, you would not accept the driver's suggestion that the distance is too great for the taxi, therefore you must choose a nearer destination. You would call him an ass and get another taxi. That is precisely the way the public should regard the financial system. Intelligent people know all that it is necessary to know about finance. They know that the function of money is to facilitate the distribution and exchange of real wealth in the form of goods and services.

They know that this country can produce and import enough goods to enable the whole population to live in comfort and security and without fear of poverty. At the same time they know that the only reason why these practical possibilities are not realised is because the people as a whole have not enough money and are consequently afflicted with scarcity in the midst of potential abundance because of some defect in the money system.

It is clear from these self-evident facts that the controlling financiers have completely failed at their job. Their failure has rendered all the triumphs of civilisation more or less negative. In the midst of a community which has performed miracles of science and solved problems which had baffled mankind for ages, the financiers stand out prominently as the only profession which has completely failed at its job. In a generation of geniuses they stand distinguished as duds.

All that is Necessary to Know

This is all that is necessary to know in order to demand a reform of the financial system. Ordinary people know that an abundance of goods can be produced, and they know that money itself costs practically nothing and can therefore be produced as easily as anything else.

It only remains for them to refuse to be put off by financial and economic jargon. If a financier or an economist gives complicated reasons why a nation surrounded by abundance cannot have it, it is obvious that, whatever his jargon means, it is nonsense and he himself a liar or a fool.

The only way to treat such jargon is not to try and understand it, but simply to ignore it. And, this being still a democratic country, the next step is clear. The people must demand that their Government treat its dud banking system as you treat a taxi-driver whose cab doesn't go. You don't argue about the mechanism. You ask him if he can put it right, and if he can't you get another cab.

NEW ZEALAND AND THE MONETARY SYSTEM.

The report of the New Zealand Parliamentary Committee appointed to investigate the monetary system, briefly mentioned in our last issue, has aroused considerable comment and is worth further mention, as it is significant of the criticism of the monetary system which arises everywhere.

To the growth of the Social Credit Movement in New Zealand we may largely attribute the fact that four out of ten members of the Committee signed a Minority Report recommending that:

(1) The State must be the sole creator of currency and financial credit.

(2) The State should create credit to close the gap between production and consumption.

(3) Financial policy should aim at stabilising the general and wholesale price level of New Zealand produced commodities.

(4) Stability of the internal price level should have preference over parity of exchange, and if necessary exchange should be rationed.

As if, however, to counteract this attack upon the present financial system, the Majority Report, signed by five members, would give the banking system more power than ever to control the life of the whole community. The signatories, having piously declared that State authority must be paramount in monetary matters, proceed to recommend the elevation of the recently constituted Reserve Bank to a dictatorial position "over the banking operations of stock and station companies as over the banks." This is rather like setting out to shoot a tiger and giving it the baby instead. Either they fail to recognise in the Reserve Bank the latest instrument for consolidating the power of the private money monopoly, or else they regard the Reserve Bank as the same thing as the State. The latter is only consistent with the habit of orthodox economists the world over of treating the bank as the real government of the country.

THE MINE DISASTER.

It is a humiliating reflection that mine disasters are still among the commonplaces of our economic life. We regard coal as a basic necessity, yet we cannot—or will not—obtain it other than by a process which involves, on an average, the death of three or four men a day.

We do not yet know the immediate causes of this particular tragedy, but certain permanent features of this industry are in themselves a condemnation of our economic system. The Gresford Colliery, where the disaster occurred, is regarded as a comparatively up-to-date, well-equipped one. Yet the men had to walk from one and a half to two miles from the pit-shaft to their place of work, and in all that distance there was apparently no means of escape in an emergency. This is emphasised by the fact that one man who escaped did so by painfully climbing up an airshaft. The non-expert will wonder why there were not proper means of escape at frequent intervals. Mr. Shinwell, former Minister of Mines, said last Monday that the series of safety conferences which he had instituted had ceased, and hinted that the reason was that of expense.

There is no reason to doubt this. The one inevitable excuse for all the misery and wastage of human life which our economic system involves is—lack of money. This excuse does not contain a grain of sense. If there is one thing which an industrialized community need not lack it is money. Yet for lack of it we continue to make men work in permanent danger of death for an income which is barely enough for common comfort and decency. We say nothing of the fact that but for this same lack of money, we could use coal scientifically, as we already know how to use it, and very much less coal would be needed.

Disasters of this sort throw a sharp light on the mental attitude of those who say that there is already enough money in the community if only it were better distributed.

HUMBUG ABOUT HEALTH.

The Press has done its best to make the recent report of the Chief Medical Officer of the Ministry of Health appear optimistic, and without success.

Sir George Newman has tactfully avoided giving any definite opinion. His report may be justly summarised by a characteristic phrase of the *Daily Telegraph*: "While the health of the unemployed and their dependents is, as a

whole, not suffering seriously or generally, . . . some of the unemployed men, particularly the younger men, and certainly many of the women and children," he says, "are showing inevitable signs of prolonged deprivation." The phrase is meaningless, but so is the report.

Disregarding the headlines—"Britain still a Healthy Nation;" "weathering the lean years," etc., we gather little from the whole effusion but the negative assurance that in spite of everything the nation is no worse and even a trifle better off than it was before the war. And that is a conclusion that has no value whatsoever unless we accept the pre-war standard as satisfactory, which it was not.

It is characteristic of his non-committal attitude that Sir George should make a point of denying that the race is physically deteriorating, with the assertion that the high standard of recent years is being well maintained. We may reasonably ask, what high standard? The only standard we have observed is that of sordid poverty in the midst of plenty. And that is being well maintained. The number of totally destitute persons has increased by 400,000 in the past three years.

One disgraceful fact, however, cannot be minimised by headlines: In spite of advanced medical skill and increased expenditure, the maternal mortality rate has remained the same for twenty years. In Middlesex, where the figure has increased by twenty-five per cent. in two years, the cause is officially noted as "malnutrition." While this can happen in a country whose politicians and economists complain of the "burdensome surplus" of food, it is hypocritical to boast of trivial improvements elsewhere.

EXCELSIOR

The Press calls upon us to rejoice because War Loan has touched the record price of 105. Let us, however, postpone our transports of delight, until we see to what heaven it is winging.

"It represents," says the *Daily Telegraph*, "the peak of an upward movement." Bearing in mind that the higher the fewer, we may wonder what is going up with it—prices, or purchasing power, or what?

A rise in the price of War Loan probably means that it is going to be refunded at a lower rate of interest before very long. Before the War Loan Conversion of 1932 it went above par. A low interest rate on Government securities indicates, according to the polite fiction of the City, the high credit standing of the Government. It also means that other securities are unattractive owing to the unpromising state of the industry. If this were not so—if, that is to say, industry offered better security, the holders of Government stock would refuse to convert.

It is probable that the banks and other financial institutions hold the major part of War Loan. They must have purchased enormous quantities to enable them to "put three hundred million pounds additional money in circulation," to use Mr. McKenna's phrase, meaning that they lent it for investment in production. The Press talks as though Government stock rises automatically by some mystical process because the Government is feeling full of grace, or something. It rises because the controllers of the money market send it up. If they sell to any extent now it will be deflationary in effect.

All this talk about "upward movements" is financial gibberish. It is used for spell-binding purposes to make people whose incomes will be lowered by refunding, believe that somehow or other the nation is better off. And that is what the Chancellor, the bankers' dictaphone, will probably tell them.

WHAT IS BRITAIN'S POLICY?

The *Daily Mail*, referring to the tense diplomatic situation in Europe, asks, "What is Britain's Policy?" It is a sensible question. The nations are lining up in antagonistic combinations and the situation has all the marks of explosive possibilities: The League of Nations, after fifteen years of futile devotion to non-essential issues, has left not the slightest mark on the European situation. And it is natural that the British people should ask: What is Britain's foreign policy?

The only pertinent answer to this question is by way of another: What is Britain's *home policy*?

The way to prevent war is to abolish the cause of it. For all their outward appearance of diplomatic intrigue and aggressive nationalism, all modern war situations arise out

of quite prosaic and—within the present financial system—unavoidable economic competition. Nations cannot buy their own production, so they must manoeuvre, with militaristic threats to strengthen them, for markets in which to sell their surplus.

That is the cause of modern wars, and threats of war. If Britain will attend to the needs of her home market first, and regard foreign trade as a mere exchange of surpluses, she will not only have no fear of war, but will set an example which the world will have to follow. It is but commonsense to set one's own house in order before attending to the world's affairs; and that "internationalism" which asserts that nothing can be done until all nations do it simultaneously, is against commonsense.

The prevention of war is one of the objects of the National Dividend. It would enable the people to buy what they want of their own production before selling their surplus abroad to whoever needs it. Economic nationalism, in this true sense of the phrase, is the essential step to international peace and free trade between Nations.

This should be Britain's policy.

IRISH GOVERNMENT v. BANK.

According to the *Daily Mail* Dublin correspondent, the Limerick County Council recently applied to a branch bank, with the sanction of the Minister for Local Government and Public Health, to be allowed to increase its overdraft from £80,000 to £120,000. This application was refused and the County Council was "requested to go to the Government for the additional £40,000."

The Chairman of the County Council, Mr. J. McCormack, summed up the situation by saying, "It seems now that the whole County of Limerick is not worth £120,000." This was a justly ironic comment on the relation between the banks and the nation. The banks are the sole creators of money. By the most ridiculous anomaly of modern times, they are allowed to issue it upon the nation's own credit, so that all money comes into existence as a debt to them.

The real value of County Limerick is the ability of its people to provide goods and services. This is its real credit. Its value to the banks is the amount of money they think they can collect from it—its financial credit. Obviously, financial credit is based on real credit, and should be a communal possession. At present the banks have the monopoly of monetising the real credit of the community, and by refusing to do so can intimidate any government. But this only possible so long as governments allow it. As soon as the people realise the absurdity of the situation they will demand that their Government, in their name, assumes the beneficial ownership of their communal credit, and administers it in the communal interest. Until governments do this, they will continue to betray the interests of those they were elected to represent.

BUY MORRIS CARS.

Lord Nuffield last week protested against the practice of buying foreign cars in preference to British. "It makes one disgusted," he said. "One man is thrown out of work for 12 months every time a foreign car is bought."

According to orthodox economists, international trade is necessary for national prosperity. It should follow, therefore, that if we refuse to buy foreign goods, the foreigner must refuse to buy ours. (Or would even a foreigner be so rude?)

Now, strange as it may sound to Lord Nuffield, a British-made article is a foreign article to a foreigner. It may therefore be assumed that if a foreigner buys a British article, foreigners are thrown out of work. Must we therefore conclude that if nations buy each others' goods, men are thrown out of work on both sides? If so, would it not improve employment if there were no international trade?

Again, we are told that we must export more than we import. The foreigner is told the same tale. Result—Every nation must sell more than every other nation. As this involves a mathematical, and probably even a metaphysical, calculation with which we are at present unable to cope, we must leave Lord Nuffield's difficulty unsolved. Unless, of course, he would like to consider the idea of a National Dividend, which issued without inflation and with reduced taxation, would enable the home consumer to buy all he wants of home production—including Morris cars?

PROFOUND THOUGHTS

The price of rice has risen forty per cent. this year in the Far East. "That," says the *Daily Express*, "is a pointer to world recovery."

And the Eastern peasants who can't afford the extra forty per cent. will die of starvation, pointing, feet foremost, to world recovery.

"Gradually," continues the *Daily Express*, warming to the fervour of harvest thanksgiving, "the grain surpluses which have depressed the markets are being reduced. Men failed to make proper use of the fat years. Now Nature is providing lean years which through long experience mankind is better equipped to meet." And it heads this piece of erudition, "To Normal Times."

The following questions arise for consideration in study circles and places where they think:

- (1) Are normal times fat or lean?
- (2) If the right thing to do with a surplus is to reduce it (that is, to reduce a fat surplus to a lean one), what is the proper use to make of (a) a fat year and (b) a middle-weight year?
- (3) Should man equip himself for fat years, or wouldn't that be normal?

INVENTIONS MEAN WHAT THEY SAY

"Whatever the intentions of inventors may be where labour-saving devices are concerned, there is no denying that such inventions mean directly what they say. They do save labour. One can scarcely pick up a technical journal without reading of some new machine 'which will enable five men to do the work of fifty.' And it is simply not true that the mere creation of the machine will employ the remaining forty-five."

Thus the *Newcastle Evening Chronicle*, which gets very near the truth. But it goes on to say that the trouble with the machine-minded man is that he sees everything in terms of production, while the economist has to look to distribution.

Unfortunately, it is also the orthodox economist who sees everything in terms of production and ignores distribution. In spite of the fact that the machine is doing more and more of the work, our rulers continue to act on the principle that a man cannot have money unless he works; with the result that the goods produced by the machine cannot be bought.

There are only two possible alternative solutions to this situation: either one must scrap all machines and make inventions illegal, or else we must give to all people, whether they work or not, a money income sufficient to buy all they want of the goods produced by the machines. And the way to do this is by a National Dividend, based on the credit of the wealth which the machines produce.

PAID FOR NOT PRODUCING.

The following letter, commenting ironically upon the pig restriction scheme of the U.S.A's Agricultural Adjustment Administration, appeared in the *New York Commercial and Financial Chronicle*:—

"Dear Sir,—A friend of mine in New England has a neighbour who has received a Government check for \$1,000 this year for not raising hogs. So my friend now wants to go into the business himself, he not being very prosperous just now; he says, in fact, that the idea of not raising hogs appeals to him very strongly.

"Of course, he will need a hired man, and that is where I come in. I write to you as to your opinion of the best kind of a farm not to raise hogs on, the best strain of hogs not to raise and how best to keep an inventory of hogs you are not raising. Also, do you think capital could be raised by issuance of a non-hog-raising gold bond?

"The friend who got the thousand dollars got it for not raising 500 hogs. Now, we figure we might easily not raise 1,500 or 2,000 hogs, so you see the possible profits are only limited by the number of hogs we do not raise.

"The other fellow had been raising hogs for 40 years and never made more than \$400 in any one year. Kind of pathetic, isn't it, to think how he wasted his life raising hogs when he could have made so much more not raising them!

"I will thank you for any advice you may offer."

The *Financial Times*, quoting this letter calls it "a tilt against the U.S. Recovery policy." But our own Government also encourages the restriction of production, and the *Financial Times* has hitherto supported it.

The Australian Election

by Major C. H. Douglas

BEYOND any question, the advent of the Australian Douglas Credit Party, which has polled over 134,000 votes in the Federal Elections which have just taken place, is a political event of the first importance not merely in Australia but elsewhere. It is not the first election which has ever taken place on the subject of monetary reform. Probably, if we only knew it, there have been many such. If I am not much mistaken, the Cromwellian Civil War in England had as its chief outcome the monetary ascendancy of the Whig Party, the party of merchants and bankers, over the Tories, the party of the landed interests, and the King, a victory which was the first of many culminating in Liberal legislation in the form of Estate and Death Duties directed to the breaking up of the great estates, which were in fact only units of administration. Amongst the benefits which have accrued from this process may be cited the erection of cheerful little banks upon every street corner, and the ribbon building development which is now so charming a feature of our countryside. These may be compared with, say, Rowsley, Woburn, or Eccleston, as parallel examples of the displaced administration.

In our time, however, the candidature of Mr. William Jennings Bryan, the Democratic Nominee for President of the United States in 1897, 1900, and 1907, is probably the outstanding example of a direct attack upon the money Power.

But although the United States was swept by a storm of controversy, not dissimilar to that which has been raised in Australia, there is, I think, between the two cases a vital distinction to be drawn. In the case of the so-called Free Silver agitation, the currency problem was treated as though it was self-contained, and as though, if certain alterations were made in the issue of currency, all other questions both in regard to the credit which was erected upon this currency and the price variations which might be expected to result from it, could safely be left to themselves.

Now it is, I think, an historic fact that the defeat of the Bryan proposals, which was by no means overwhelming,

was brought about by the manipulation of credit rather than currency, so as to produce business crises and to threaten still worse disaster. Since the preponderating influence of bank credit was probably not understood even by Mr. Bryan himself, and certainly not by the great majority of his supporters, the true causes of these business crises and the persons responsible for them, while they may have been suspected, were certainly not established.

But in Australia, the case is different. In the face of a flood of paid misrepresentation, downright misstatement, and Press corruption on a scale probably unequalled, the energetic work of scattered groups of Social Credit advocates has spread throughout the Australian Electorate a very fair knowledge concerning the monopoly of credit, and its disastrous results upon the general public. To have achieved this in three or four years and to have brought to the poll something over 10 per cent. of the total electorate is an astounding achievement, simply considered as an isolated fact. I have little doubt that this spread of knowledge has done much to prevent the use of crisis tactics by the Australian Banks.

But in fact, there are many considerations which make the results even more remarkable. The policy of approaching the electorate as a separate party was bound to cause some division of opinion. Only my strong belief in the ability of the local leaders of the movement permits me, personally, to assume that it was a politically justifiable policy.

It has also to be remembered that so effective has the Social Credit propaganda been in its appeal, that none of the older Parties dared to leave the subject of finance unmentioned in their programmes. In consequence, it is more than probable that numbers of votes were cast for the Lang and Federal Labour Parties which were votes for financial reform by electors having traditional affiliation with these parties. The Social Credit Vote was split at least into three, if not into four parts, only one of which has secured recognition.

(To be continued)

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Subsidies

The Difference between them and a National Dividend.

A SUBSIDY is regarded as a desperate remedy to be applied when any essential British industry gets into a desperate condition.

Until recently, subsidies were regarded as regrettable necessities—so objectionable as to be almost immoral. But in the past few years conditions in many industries have become so serious that these extreme measures have had to be taken on a wide scale.

The reason why industries get into this desperate condition is, of course, that as industry becomes more highly mechanised, and its productivity increases, the purchasing power in the hands of the public becomes less, with the result that the unsaleable surplus product grows until it has to be deliberately destroyed and the means of production restricted. And society is in danger of starving because of the prolific productivity of modern industry!

At this point, in order to prevent the productive capacity of an industry from being destroyed altogether, a subsidy is arranged.

In this country, the industries which have been subsidised so far are coal, sugar, wheat, milk, beef, and shipping—all essential industries, the undue shrinkage of which would be intolerable.

The August-September issue of the *Midland Bank Monthly Review* gives an account of these subsidies and their history, and is to be commended to students of real economics. Some of the arrangements, such as the so-called "wheat-quota" scheme, are so ingenious and complicated that, in comparison, arrangements to issue the National Dividend and to institute the Just Price factor, would be simplicity itself. (See page 81)

The money for the subsidies so far arranged in this country is, of course, coming out of Government "Ways and Means" advances; in other words, it is being borrowed by the Government from the banks, and will eventually have to be repaid to the banks out of taxation.

In effect, the payment of the subsidy enables the producer to sell at less than his cost of production. In this way the product is brought within reach of the short purse of the people who would otherwise have to go without it. The subsidy thus increases purchasing power, just as the National Dividend would.

It should be specially noted that the more highly mechanised industry becomes, the less it depends upon human labour, and as the workers who are displaced by the machine cease to draw wages, so the necessity of subsidies to supplement or replace wages grows more urgent.

Now the essential difference between a Government subsidy and the National Dividend is this: The subsidy is borrowed from the banks who regard it as a repayable *debt*, whereas the National Dividend would be a free grant and *not a debt*. When the bank loan is repaid out of the money collected by taxation, it is *cancelled out of existence*, and thus purchasing power is reduced again just when an increase of it is needed.

The National Dividend, on the other hand, would be paid out of money created for the purpose. It would not be a debt to the banks, but would be a permanent addition to purchasing power, and its amount would be calculated proportionately to the nation's increase in productive power, which is its real wealth.

Another fundamental difference is that a subsidy is given to the producer, whereas the National Dividend would be given direct to the consumer, where it is really needed.

People are still accustomed to regarding the displacement of labour as a necessary cause of poverty, because they cannot conceive of money being paid to a person unless he works. Actually, it is this very progress of modern industry which makes poverty unnecessary.

When this point is appreciated, people will see that all a modern industrialised community requires is a money income, given to all people whether they work or not, sufficient to buy the goods that industry produces.

FOREIGN TRADE UNDER SOCIAL CREDIT

The "Exchange" Bogey and Other Misconceptions

MANY people, who admit the soundness of the Social Credit Proposals for the home market, believe that it would be impracticable for foreign trade.

For this reason they believe that it would be impossible for Britain, which depends largely on imports of raw materials from abroad, to adopt the proposals in advance of other countries.

It can be shown that these fears are groundless, and further, that failure to adopt the Proposals is likely to lead to an almost complete cessation of export trade.

It is frequently suggested that if Great Britain became a Social Credit State, the machinations of international finance would precipitate a depreciation of the pound sterling in terms of foreign currencies, and that this would result in inability to purchase needed supplies overseas.

Assuming that the pound did depreciate, the effect would not be that suggested. A depreciated pound would result in British goods becoming cheaper in terms of foreign money, and would tend to increase exports. In this way Britain's ability to purchase overseas would be maintained, and might even be increased despite depreciation.

If depreciation was carried so far that Britain was forced to export excessive quantities of goods, in order to obtain sufficient foreign currency to pay for imports, the situation could be corrected by an export tax.

Actually, however, it is improbable that the pound would be artificially depreciated in this way, for depreciation is now recognized as the surest way of increasing exports.

Further, speculators would quickly realize that the depreciation of the pound was artificial, and that attempts to profit by it by manipulation of its value would be extremely risky; for under Social Credit, prices in Great Britain would be lower than in other countries which had not adopted it, and normally, this would tend to the appreciation of the pound, not its depreciation.

The Use of the Nation's Credit

This brings us to another suggestion which is sometimes made, *i.e.*, that the pound would appreciate so much that, while Great Britain would, at first, be able to buy overseas very cheaply, export trade would fall away so rapidly, owing to the high cost of British goods in terms of foreign currency, that it would become impossible to import for lack of the foreign balances in which payments could be made.

This contention is based on a complete disregard of the power a country has under Social Credit, to use the national credit, to any extent deemed necessary to encourage exports. Normally, in all probability, export prices would be approximately full financial cost plus profit, but, if desirable, export prices could be subsidized from the national credit and all competitors undersold. Japan's success by the subsidising of exports is notorious; but in the case of a Social Credit nation, because the subsidies would be based on the national credit and not on loans, they would not result in permanent debt, as in the case of Japan.

Both the criticisms referred to above completely ignore two most important factors, Great Britain's position as what is called a creditor country, and the desperate anxiety on the part of every country under orthodox finance to increase exports.

Merchants Would Want To Sell To Us

The first of these factors enables Great Britain to demand goods in considerable quantities from many countries, including all the Dominions and Colonies with few exceptions, for which no payment need be made. Estimates of the overseas debts owing to British financial institutions vary, but Sir Robert Kindersley recently put them at £3,355,000,000. On this sum the interest must be paid, *and paid in goods*. Further, many debtor countries to-day would be delighted with an opportunity to pay off the capital of their debts in goods, which could be arranged, when desirable, to ensure supplies of raw materials, etc.

The second factor, the need of all countries to increase exports, would result in strong opposition to any measures intended to restrict exports to the United Kingdom. Even to-day Britain is the most important market in the world,

and, under Social Credit, owing to the expanding purchasing power of the people, its importance would be vastly greater. *All merchants desire to sell to the nation whose internal purchasing power is increasing.*

It would appear, after consideration of these circumstances, that fears of any effective attack on Britain's position by currency manipulation are groundless. Under Social Credit the country could not only defend itself, but, if necessary, could counter-attack by use of the national credit for subsidizing export prices.

We Do Not Depend on Export Trade

It seems likely that these fears are engendered by the belief so carefully fostered by British financiers "that Britain depends on her export trade." This statement is not true at all in the sense in which it is generally understood. Britain does need to import supplies of foods and certain raw materials, and therefore must export to pay for them, although, as has been shown, some part of her imports is in payment of interest on loans previously granted, and so does not require exports in payment. But to an ever increasing extent, since the introduction of power-driven machinery, exports have been made, not to pay for imports, but to keep the present system going by giving employment, the only means by which the majority of people can obtain purchasing power.

That this is true is proved by the fact that foreign countries owe British financial institutions £3,355,000,000 (the pre-war figure was £4,000,000,000), for this figure represents goods supplied and paid for by loans created by such institutions, and not paid for in goods. Social credit will make such gifts of goods unnecessary, for it will enable the community to purchase all it produces and imports, and, by means of the National Dividend, make it increasingly independent of work as a means to obtaining a livelihood. Work will then become a means of self expression not mere animal striving for sustenance.

Social Credit Alone Can Save Foreign Trade

The alternative to Social Credit, facing this and every other industrialised country is a steady decline in export trade ending in revolution by the starving masses at home, or war abroad. The charts issued by the League of Nations show this decline to be taking place, and that the recent increase in Britain's export trade has been at the expense of other countries, and does not indicate a general expansion.

The rapid extension of the mechanisation of industry in all countries, can have no other effect under the present financial system. Each new labour-saving invention results in increasing production, but in decreasing the demand for the product, and so each country by means of tariffs, quotas and other acts of economic warfare, must strive to retain the home market for its own producers and simultaneously endeavour to expand its share of the rapidly dwindling foreign markets, at the expense of the producers of other countries.

Social Credit, far from endangering foreign trade, will transform it into a mere exchange of surpluses, and thereby remove what is undoubtedly one of the chief causes of war to-day, the fight for export markets.

M. JACKLIN.

The Spanish Cabinet has approved a plan of public works to give occupation to unemployed . . . To meet this and other expenditure of an urgent character, the Finance Minister has been authorized to issue 50,000,000 pesetas' worth of Government Stock.—*The Times*.

And the Spanish people will tax themselves fifty million pesetas to pay the banks for lending them their own money which was borrowed to find work for men displaced by machinery which the Spanish people had invented in order to save work. We all go the same way home.

Grants, Sir George Pearce declared, were the only means of real assistance to farmers, because loans further burdened taxpayers.—*The Times*.

Grants, you see, grow on trees. That's something you didn't know about farming.

SOCIAL CREDIT PRINCIPLES

by Major C. H. Douglas*

THE financial system is the works or factory system of the world, considered as an economic unit, just as the planning department of a modern factory is of that factory.

No discussion of the financial system can serve any useful purpose which does not recognise:—

- (a) *That a works system must have a definite objective.*
- (b) *That when that objective has been decided upon it is a technical matter to fit methods of human psychology and physical facts, so that the objective will be most easily obtained.*

In regard to (a) the policy of the world economic system amounts to a philosophy of life. There are really only three alternative policies in respect to a world economic organisation:—

The first is that it is the end in itself for which man exists.

The second is that while not an end in itself, it is the most powerful means of constraining the individual to do things he does not want to do; e.g., it is a system of Government. This implies a fixed ideal of what the world ought to be.

And the third is that the economic activity is simply a functional activity of men and women in the world; **that the end of man, while unknown, is something towards which most rapid progress is made by the free expansion of individuality, and that, therefore, economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities.**

You cannot spend too much time in making these issues clear to your minds, because until they are clear you are not in a position to offer an opinion on any economic proposal whatever.

In regard to (b) certain factors require to be taken into consideration.

(1) That money has no reality in itself. That in itself it is either gold, silver, copper, paper, cowrie shells, or broken tea cups. The thing which makes it money, no matter of what it is made, is purely psychological, and consequently there is no limit to the amount of money except a psychological limit.

(2) That economic production is simply a conversion of one thing into another, and is primarily a matter of energy. It seems highly probable that both energy and production are only limited by our knowledge of how to apply them.

(3) That in the present world unrest two entirely separate factors are confused. The cry for the democratisation of industry obtains at least 90 per cent. of its force from the desire for the democratisation of the *proceeds* of industry, which, is, of course, a totally different thing. This confusion is assisted by the objective fact that the chief controllers of industry get rich out of their control.

I do not, myself, believe in the democratic control of industry any more than I should believe in the democratic control of a cricket team, while actually playing, and I believe that the idea that the average individual demands a share in the *administrative* control of industry is a pure myth.

The present world financial system is a Government based on the theory that men should be made to work, and this theory is considerably intermixed with the even stronger contention that the end of man is work. I want you to realise that this is a statement of fact, not a theory. More than 95 per cent. of the purchasing-power actually expended in consumption is wages and salaries.

It will therefore be seen that there are two standpoints from which to examine its mechanism. The first considered as a method of achieving its political end of universal work, and the second as a means of achieving some other political end—for instance, the third alternative already mentioned.

Considered as a means of making people work (an aim which is common both to the Capitalist and Socialist Party Politics) the existing financial system, as a system, is probably nearly perfect.

*An address delivered at Swanwick, November, 1924.

Its banking system, methods of taxation and accountancy counter every development of applied science, organisation, and machinery, so that the individual, instead of obtaining the benefit of these advances in the form of a higher civilisation and greater leisure, is merely enabled to do more work. Every other factor in the situation is ultimately sacrificed to this end of providing him with work, and at this moment the world in general, and Europe in particular, is undoubtedly settling down to a policy of intensive production for export, which must quite inevitably result in a world cataclysm, urged thereto by what is known as the Unemployment Problem.

To blame the present financial system for failing to provide employment is most unfair; if left alone it will continue to provide employment in the face of all scientific progress, even at the cost of a universal world-war, in which not only all possible production would be destroyed, but such remnants of the world's population as are left will probably be reduced to the meagre production of the Middle Ages.

Considered as a mechanism for distributing goods, however, the existing financial system is radically defective. In the first place, it does not provide enough purchasing-power to buy the goods which are produced.

I do not wish to enter at any great length into the analysis of why this is so, because it is always a matter of some heated controversy. I have, however, no hesitation whatever in asserting not only that it is so, but that the fact that it is so is the central fact of the existing economic system, and that *unless it is dealt with no other reforms are of any use whatever.*

And the second feature of equal importance is that considerably less than the available number of individuals, working with modern tools and processes, can produce everything that the total population of the world, as individuals, can use and consume, and that this situation is progressive, that is to say, that year by year a smaller number of individuals can usefully be employed in economic production.

To summarise the matter, the principles which must govern any reform of the financial system which will at one and the same time avoid catastrophe, and re-orientate world economic policy, along the lines of the third alternative, are three in number:—

1. That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption.

2. That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production.

3. That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary.

I may conclude by a few remarks on the position of the banks, in respect of this situation. It is becoming fairly well understood that the banks have the control of the issue of purchasing-power to a very large extent in their hands. The complaint which is levelled at the banks is generally that they pay too large a dividend. Now curiously enough, in my opinion, almost the only thing which is not open to destructive criticism about the banks is their dividend. Their dividend goes to shareholders and is purchasing-power, but their enormous concealed profits, a small portion of which goes in immensely redundant bank premises, etc., do not provide purchasing-power for anyone, and merely aggrandize banks as banks.

But the essential point in the position of banks, which is so hard to explain, and which is grasped by so few people, is that *their true assets are not represented by anything actual at all*, but are represented by the difference between a society functioning under centralised and restricted credit and a free society unfettered by financial restrictions.

To bring that perhaps somewhat vague generalisation into a more concrete form, the true assets of banks collectively consist of the difference between the total amount of
(Continued at foot of next column.)

THE DISTRESSFUL COUNTRY

Ireland, like all other Countries suffers Primarily from the Shortage of Money

ONE of the fundamental facts governing Irish life is a constant and increasing shortage of money. This has always been so. It was far more responsible for the awful events of the Famine in 1847-48 than the partial failure of the potato crop, to which those events are usually ascribed, and also for that ensuing emigration which reduced the population of the country from 8½ millions to 4¼ millions.

This emigration of the young and virile was only stemmed by the restrictions of the war years and only arrested, and now, slightly reversed, by overseas immigration restrictions and unattractive economic conditions outside Ireland.

The type of economic pressure which thus reduced a naturally prolific nation by one half within living memory, can be gauged when we remember that the average wage of the Irish agricultural labourer in 1911 was 11/6 per week.

Another symptom of this money shortage disease was the growing inability to pay rent for the land, resulting in the long drawn-out battle between landowner and tenant, mitigated by the time-honoured political expedient of robbing Peter to pay Paul, in the shape of a series of Rent Restriction Acts. With the lurid background of wholesale confiscations of lands from the original holders, for the benefit of successive "plantations" of English and Scotch settlers and the endowment of various English Court favourites, these Rent Restriction Acts varied from downright confiscation of values for the benefit of tenants, to compulsory sales to them, assisted by bonuses from the community as a whole, to bridge the gap between the purchasing power available and the price of the land.

It is merely typical of situations which are developing in almost every country, that the repayment of the debts thus incurred is the bone of contention between the British and the present Irish Government.

Who is going to carry the debt load which is crushing the life out of Western civilization?

Political Expedients All Futile

The situation demonstrates the complete failure of such political expedients as compulsory rent reductions, compulsory land sales, etc., to meet the defects of an inherently unsound financial system. And the growing inability of the Irish farmer to pay even these drastically reduced rents, has resulted in thousands of farmers having decrees granted against them in the Irish Free State courts, followed by confiscation of their cattle. The forced sales of such cattle have been met by every means of passive resistance and, amidst the growing indignation of the farming community, who maintain they are being robbed of their tools, active opposition culminated recently in the shooting of several young farmers in Cork by the police, or guards as the new body are called, who were excluding an obviously indignant public from a so-called "public" sale of confiscated cattle.

A large majority of Irish farmers have always looked to the sale of their cattle in the British markets to provide the cash necessary to pay their rent and other cash outgoings, not covered by the food they grow for their own consumption.

It is characteristic of the general world situation, that the drastic fall in the prices of Irish cattle cannot be exclusively attributed to the penal duties imposed against their importation into Great Britain and Northern Ireland as a result of the quarrel between the two Governments, for even British farmers, behind that tariff wall, are not finding sales remunerative.

"Subsistence farming" has always figured largely in Irish agricultural life, when it does not "pay" to produce more than can be consumed on the farm. This type of farming predominates along the western seaboard. It is

the Government's contention that the poorer farmers, who are already down to this "subsistence farming" level, are paying their annuities, whereas farmers who are somewhat above that level, are refusing to do so.

The Main Cause of Irish Troubles—Finance

Whilst recognising the measure of truth in a saying attributed to the late Kevin O'Higgins that, where the sheriffs writ did not run civilization was at an end, the fact emerges that an increasing body of farmers are opposing the deliberate attack on their already very low standard of living, which is being made by the controllers of the financial system.

Owing largely to its obsession by the old idea that only "through suffering" can this, that, or the other ideal be attained the Government find themselves cast for the rôle of the upholders of the "sanctity of contracts" and all the other humbug of a modern government, whereby an effete financial system seeks to maintain itself as exploiters and controllers of the nation.

Governing the fundamental fact of the shortage of money in Ireland is the paradoxical situation that the Irish Free State does not yet control its own financial credit. Actually, of course, no State does. The credit of every State is controlled by its banks. But the Irish Free State openly depends on an outside financial power.

Behind the camouflage of a paltrysum in a national coinage, a committee composed almost exclusively of bankers recommended the legislation which afterwards found enactment in the Currency Act of 1927 and successfully perpetuated the linking of the Irish financial system to the British.

Ireland Still Governed by the Bank of England

To-day, the Bank of England controls the Irish financial system quite as effectively as ever it exercised that control, during the *political* union of the two islands. A more effective demonstration of the fact that economic power precedes and controls political power, hardly exists than the present relationship of the Bank of England to the Irish Free State.

This is the root of the country's troubles, yet in spite of the obvious failure of twelve years of *political* self-government to secure the national well-being, the real enemy still escapes direct attack, except from the few but growing number of Social Creditors.

De Valera's Government, whilst recording pious programmes—when in opposition!—in favour of an Irish State Bank and, individually toying with the Social Credit Proposals, have done nothing to remedy a state of affairs which easily defeats all attempts to build up a strong Irish nation.

The philosophy underlying "Social Credit" is the antithesis of that generally accepted to-day, which is based on the Pauline doctrine that "if a man will not work, neither shall he eat." It regards the destiny of man as unknown but something towards which he instinctively strives, and therefore to which he should be encouraged to progress by the removal of all external constraints. Man's self-control must be relied on to keep him in the paths of rectitude. "Social Credit" would take full advantage of the developments of modern applied science in making material abundance possible for all.

By T. KENNEDY.

One year a farmer took two days to spray his forty acres of potatoes. The next year he used an aeroplane and did the job in twenty-five minutes.

The boll weevil used to destroy nearly half the world's cotton crop each year. Since 1922 aeroplanes fitted with poison-gas tanks have been used to fight the pest. With the old mule-drawn anti-pest machines only 30 acres a day could be treated, but the aeroplanes can drench 300 acres in a single hour.

SOCIAL CREDIT PRINCIPLES *continued from page 78.*

legal tender, or Government money, which exists, and the total amount of bank credit money, not only which does exist, but which might exist, and which is kept out of existence by the fiat of the banking executive.

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The Case for the National Dividend

THE aim of the arguments set out here is to show that the National Dividend, as one main principle of Social Credit, is not merely a desirable thing, but a social and economic device of overwhelming merits.

The National Dividend is experimental in the true scientific meaning of that word. If you wish to find out whether the addition of two per cent. of manganese will improve the cutting powers of lathe tools made of a known steel; then you can make and try tools of the experimental steel, and compare their working with that of the others, and decide which are the better for your purposes. If the new ones are worse, all you have to do is to cease using them and either be content or try another experiment.

We are well aware that the present economic system works but also that it works unsatisfactorily. It is silly to try to improve it by methods which cannot be dropped if they are found to make it work worse. It is even sillier to scrap it in favour of some scheme whose merits are found on paper but nowhere else, but of which it can be said that, if it was a failure, it would have prevented the country reverting to the comparative success of the present.

The Corporate State, Communism, State Capitalism, and Planning in general are speculative journeys into the unknown, where the travellers have little chance of re-tracing their steps, whatever wilderness they get into.

The National Dividend, on the contrary, does not mean the sacrifice of the good we have; it does not require months and years of elaborate drafting and dovetailing, which even modest, and even so, unsatisfactory schemes like the Milk Board, required; and if it proves in practice bad, then it can be modified, reduced, or ended with the minimum of trouble.

Unemployment Can't be Solved; Poverty Can

Unemployment has been a notorious problem since the Battle of Waterloo, and the only years since then when it has not been of much account were during the War. Libraries of books and pamphlets have been written about it, but one of the few simple things that can be said of it

is that it tends to become worse. Unemployment is, in truth, fearfully complicated. It arises from all the following causes and a good many more; changes in fashions, as when the bobbing of hair in Europe and America depressed the hair-net, hair-pin, and hat-pin trades. (It is true it occasioned a demand for hair-dressers, but few makers of hair-pins could become hair-dressers). Labour-saving devices, as the substitution of tractor-ploughs for horse-drawn ploughs; the seasons, as when the advent of winter throws out of work many agriculturalists; the amalgamation of businesses, as when shipping companies merge; depressions in particular industries due to their having produced more of their products than they can sell or than people need, as with wheat-farming in various countries; the general depression of trade due to an unusual shortage of money, as after the Napoleonic wars and at intervals till to-day; loss of health, of skill, growing old, accident and misfortune, bad management of business concerns, uneven demand as in several sorts of constructional industries.

That all the dodges for dealing with unemployment are largely ineffective (insurance relief work, shorter hours, etc.), is plain from the history of the last fourteen or fifteen years. Unemployment, in the sense that there will always be a considerable number of people able and willing to work but unable to get a job, will always exist unless we revert to the life and methods of the twelfth century. It will also always tend to increase because great pains are always being taken to reduce the man-hours needed for any given programme of output.

Unemployment is insoluble and is in fact a false problem. What is not insoluble is the poverty that accompanies it, and what is noticeable is that if you solve the poverty side of unemployment you also tend to reduce the unemployment.

The unemployed with money provide jobs for themselves; without money they stay jobless. The National Dividend would give them both wealth, and work.

HILDERIC COUSENS.

(To be continued.)

Money Power as Exploiter

An Example from Fiji

THE Fiji Islands are a natural paradise. The climate is so kind, the soil so fertile that approximately one month's work in twelve is sufficient to enable the natives to live in barbarian comfort. Yet there is no unemployment problem.

But once, in the period 1858 to 1874, the Fijians found themselves in desperate straits. An American ship had been wrecked on the islands and the natives looted her. For this crime the American Government demanded 45,000 dollars. The king, Kakabo, was at his wit's end, for dollars, or indeed any metallic or paper currency, were unknown on the islands.

As the indemnity remained unpaid the great Republic sent a squadron of warships, seized some of the islands as collateral security, and threatened to bombard the villages if the money was not forthcoming within a stated time. For punitive purposes the indemnity was raised to 90,000 dollars.

Some Australian traders recommended the king to approach the money lenders of Melbourne, and borrow from them. This he did, and as a result the "Polynesian Association" was formed. This company undertook to pay the debt due to America in return for concessions. These were that it received 200,000 acres of land, chosen by itself; that its properties were exempt from all taxes and duties; and that it was allowed to establish banks and issue notes.

But the Association found it difficult to secure labour for its estates. Clearly something had to be done to cause natives, comfortably fed, to work. So the king was ordered to levy a poll tax in money.

The natives were rich in goods, but had no cash. They tried to sell some of their produce to raise the sum of the tax. Such quantities were offered that the price fell to an absurdly low level, insufficient to realise the amount needed. They applied for work on the plantations, and again the labour supply became so plentiful that their earnings were one shilling per week. At this rate six months' work was necessary to satisfy the tax collectors.

All the natives could not find employment in their own districts and some had to emigrate to distant but less populous island.

Those who could neither sell their produce nor find work were imprisoned for six months, and could only secure release if some white planter paid their tax and costs. In return for this they became his slaves.

Later the Association had the forced labour term extended to eighteen months, and as the man was released, fresh taxes having become due, he was sentenced to a further term.

Nature Bountiful—Money Short

Within a few years the earthly Paradise had become a finance-controlled Hell. Nature was still as bountiful as ever. The Fijians—let land reformers note—still had their own holdings; but owing to the demand for money, which they could not create themselves, the unfortunate natives had to neglect their land and hire themselves out at sweated rates of pay.

Whole districts were impoverished and depopulated. Households were broken up and the Fijians reduced to slavery.

This continued until 1874, when the native rulers surrendered the islands to Britain. Evidently the first Governor was a man of sense, for he promptly abolished the poll tax, and realising that money was the root of the evil, he declared that all Government taxes could be paid in kind, "until such time as will see money more plentiful in the islands."

Here is a concrete example of the misuse of money power. The desire of the settlers to secure labour for their plantations was at the bottom of it. The Fijians were in the same position as the natives of Kenya are to-day.

A tax in kind could have been paid either by the natives reducing their standard of life or working harder. As it was, money was used candidly and openly to enslave the community.

Our own exploitation takes a more subtle form.

FRED TAIT.

British Experiments in the Use of Subsidies*

ASSISTANCE was given to wheat producers in 1917-21 in the form of a guaranteed price to reduce our dependence on foreign supplies. After the war, in 1925-6, more than £20,000,000 passed from the Exchequer to the coal industry to maintain wages without complete sacrifice of exports.

Sugar Beet

In 1925 a subsidy was granted for home produced beet sugar for the period to October, 1934. This subsidy, payable to the factories at fixed rates per cwt. of sugar produced, was at first coupled with a minimum price payable to farmers for their beet. The stimulus of this subsidy increased the area under beet from 22,400 acres in 1924 to 396,500 acres ten years later.

Up to February 1934 the total assistance had amounted to £39,500,000. The subsidy is to be continued at the existing rate of 6s. 6d. per cwt. till September, 1935, by which time the Government hopes "to frame a long-term policy," linked up with reorganisation and marketing.

Wheat

In the "wheat quota" system, designed to re-establish agriculture on a firmer financial and technical foundation, the subsidy is not paid directly by the Exchequer but is borne either by the consumer or some middleman.

The Wheat Act of 1932 entitled registered wheat growers to a guaranteed price of 10s. a cwt. for millable wheat, the difference between that and the average prices received (called the "deficiency payment") being made up of levies on all flour imported or milled within the country. If production exceeds 27,000,000 cwt. deficiency payments are reduced *pro rata*. At the beginning of each cereal year the Minister of Agriculture, on the advice of the Wheat Commission, estimates the "anticipated supply" for the year, and decides what levy is necessary.

During the first year, to July 31, 1933, £4,500,000 were paid to 76,500 registered growers. The average price realised by growers was 5s. 4.46d. a cwt., so that the deficiency payment, after allowing for administrative expenses was 4s. 6.86d. a cwt. As this figure was based on the "anticipated supply," which was exceeded, deficiency payments were made only on a proportion of the wheat sold, and the average payment worked out at 4s. 5.25d. a cwt. To raise the funds required the levy on flour imported or milled was at first fixed at 10.8d. a cwt., but was raised in October 1932 to 13.2d. a cwt. The production having since increased, the levy is now 21.6d. a cwt.

Payments in respect of the present year to July 31 have amounted to over £4,000,000 millions. The estimates for the cereal year 1934-5 anticipate a supply of 29,000,000 cwt. and an average price of 5s. a cwt. involving a deficiency payment of 5s. The levy is reduced to 19.2d. Under this quota system the acreage of wheat in England and Wales has increased from 1,288,000 in 1932 to 1,759,000 in 1934. If world wheat prices were to rise so as to bring that of British millable wheat up to 10s. a cwt., the subsidy would automatically cease.

Milk

The growing surplus of milk, threatening to disorganise the market, and the prevention, by the Ottawa agreements, of restrictions on Dominion imports of milk products, precipitated the recent Milk Act. It aims at the temporary maintenance of the price of milk for manufacture, and at expanding the consumption of liquid milk. During the next two years minimum prices are to be guaranteed for milk used in manufacture, the Exchequer providing the funds, (estimated at about £1,500,000 through the Milk Marketing Boards; £750,000 is to be provided over the next four years to promote a purer milk supply; and £500,000 for each of the next two years is to be advanced for a milk publicity fund. The cost of the guaranteed price is to be repaid "if prices are at a reasonable level" of which there is no certainty.

Beef and Herrings

The Cattle Industry (Emergency Provisions) Act, rushed through last session, establishes a cattle fund of £3,000,000

from which payments not exceeding 5s. per live cwt., or 9s. 4d. per cwt. deadweight, are to be made to cattle producers in respect of sales up to March 31, 1935. There are provisions for eventual repayment, but this is so unlikely that *The Times* describes the measure as an "undisguised subsidy to British beef."

The Government has agreed to meet, within limits, the amount by which the earnings of the herring fishing fleet during the current season may fall below the cost of fitting out the boats. It has also agreed to make small loans for the purchase of nets. The cost is placed below £100,000.

Shipping

The Government is prepared to give a "defensive" subsidy of £2,000,000 for one year to encourage the abolition of foreign subsidies and the greater employment of British shipping. The offer is hedged in with complicated conditions, and in addition shipowners are expected to press, through their international organisations, proposals to adjust the world supply of tonnage to the demand.

Other Subsidies

One other form of Government assistance is the guaranteed preference (4d. a gallon for nine years from next April) in respect of excise duty accorded to oil produced from coal. The cost to the Exchequer is uncertain, depending on production.

Government assistance to building activities by annual subsidies on small houses ceased in 1933. They are not detailed here, being concerned rather with social than economic conditions. £13,500,000 a year are, however, still paid by the Exchequer in respect of past building operations. Government assistance in slum clearance plans are estimated at £3,000,000 a year.

Budget Costs

The total cost of these subsidies (excluding housing and slum clearance) to the current Budget is estimated at about £8,000,000.

"Douglas Social Credit"

Misuse of the Title

IN view of the predominating position that the idea of Social Credit is now taking in the politics of many countries, and the certainty that its major importance will become universally recognised, there is a real danger that, under cover of its highly successful label, proposals may be put forward for the consideration of the various communities concerned, which, however honest in intention, are technically unsound or else, in relation to the circumstances in which they are put forward, politically undesirable or both.

There is probably no satisfactory means of preventing this state of affairs, but its results, while perhaps only temporary, may easily be to discredit the fundamental principles which such plans claim to represent.

For this reason it is necessary to emphasise that there exists at the present time only one proposal, and that of an interim nature, which has received the attention of Major Douglas and the Social Credit Secretariat, and is therefore authoritative. This proposal is specifically designed and put forward in relation to the situation in New Zealand as it existed in 1933.

Any proposals emanating from other sources in any part of the world, whatever their merits may be, are not entitled to any authority that may be derived from the use of the words "Douglas Social Credit;" and the use of these words, or of words intended to convey the same impression, is in fact both unjustified and without authority.

Changes in this situation will of course be notified from time to time either in the columns of this paper or by such methods as will admit of no misunderstanding.

W. L. BARDSLEY,

Secretary, Social Credit Secretariat.

*Summary of an article in the August-September "Midland Bank Monthly Bulletin."

Social Credit and the Labour Party

by H. Norman Smith, (Prospective Labour Candidate for Faversham).

FOR years, I have tried to get the Labour Party interested in Social Credit; but it is not easy. At the Hastings conference of the Party, last year, only about a score of hands were held up for a Douglas resolution I sponsored. And even the bankers' ramp of 1931, which destroyed a Labour Government, does not seem to have made Socialists more receptive of Social Credit. Why?

The first answer is that most Socialists, like nearly everyone else, possess the "scarcity complex" inherited from their ancestors who lived before the dawn of the Power Age. For this reason, thinking in terms of "taking from the rich to give to the poor", the average Socialist rejects Social Credit because it does not start by taking from the rich.

The next bugbear, when I argue with my Socialist comrades, is "nationalisation". It is curious, but true, that though nationalisation is the Socialist panacea, the Labour chiefs have so little faith in it that they never even bothered to prepare schemes for nationalising any but a few monopolist industries like coal, electricity, iron and steel, transport. Yet, to the rank and file, all-in nationalisation is almost a religion. They won't have Douglas because he does not nationalise the boot factory. They ignore the fact that, as he would sell a 20s. pair of boots for, say, 5s., he would actually be socialising three-quarters of the factory's output. Personally, I have never wanted to own a boot factory, but I always like to own boots. And Social Credit, which nationalises the boots (or most of them) appeals to me more than an abstract doctrine about nationalising the factory.

Industrial "Owners" Don't Own

The truth is that (as many of the Labour chiefs are rapidly coming to see) the so-called "owners" of industrial capital are not really owners at all; they are mere administrators, compelled to work according to the prevailing financial rules. The bankers could, if they wished, get possession of practically any industrial capital at any time they chose.

Another difficulty I find in trying to put Social Credit over my Socialist comrades is their tendency to regard "the worker" as being entitled to all the world's riches. The fact is, of course, that economic tendencies since Watt invented the steam engine have all been in the direction of substituting Power for Labour. Industrial production depends more and more on the stored energy of the coal-fields and oil measures; less and less on human energy. That being so, I believe the importance of the working-class will continue progressively to diminish. And, already, I find the more candid Trade Union officials admitting that, because of the progress of mechanisation, the prospects of a successful General Strike become more hopeless every day.

The Socialist Attitude to Work

I should like to live to see the disappearance of the working-class. Having myself been born in that class, I can give my word that it is not a pleasant class to belong to; and if the Age of Leisure made possible by science and invention comes in my time, why, so much the better! My Socialist comrades had better soft-pedal on the "worker" issue.

I feel, too, that Socialism will have to re-define its attitude in the matter of insisting on "work" as the condition of receiving an income. If you are going to make everyone work or starve, you are going to establish the Slave State. I see precious little difference between Mussolini's Fascist Italy and Stalin's Communist Russia. Neither pretends to give the consumer a look-in. I would rather live in England than in either Italy or Russia. To me, if there is to be a decent industrial system, it must fulfil one condition: that any person, if they so wish, shall have the right to contract out of it without being deprived of income. Only so can a person be truly free. The Work State is not less a Slave State because the slavery is universal. Only Douglas, with his Just Price and his National Dividend, shows the way to an industrial system wherein real freedom is possible.

Yet I continue in the Labour Party, and for many good reasons. I believe in the nationalisation of monopolist

industries such as Labour proposes to nationalise. Only under public ownership, I think, can power, fuel and transport be properly developed technically. And the Labour Party does not stand for all-in nationalisation, even if its rank-and-file believe it does. All-in nationalisation I deem to be neither possible nor desirable; and more than one Labour Front-Bencher agrees with me in private. Moreover, I believe strongly in slum clearance and municipal housing—though I would use Social Credit to avoid the sinking fund and interest charges which account for the major part of the rent.

Besides, there are other reasons why I remain in the Labour Party, apart from its belief in the things I believe in, like raising the school-age, giving free education and free school meals, earlier pensions, decent unemployment maintenance and the rest. How Social Credit technique would simplify Labour's task! I esteem most of the Labour people; and on the other hand I find the local Conservative associations full of snobbery. Snobs don't want economic justice, anyhow. The Conservative Party stands for the domination of class by class, of man by man; not so the Labour people.

But Labour made an ass of itself in 1931. It would not have made an ass of itself if it had listened to those of us in its ranks who have learned Douglas!

NOTICES OF D.S.C. MEETINGS

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

Belfast Group Study Course

A Course consisting of six weekly lectures, each followed by a discussion, will take place in the Grand Central Hotel, Belfast, on Wednesdays. First lecture—October 3, at 7.30 for 7.45 p.m. Admission will be 2s. 6d. for the course. Single lectures 6d. Hon. Sec., Jas. A. Crothers, 17, Cregagh Road, Belfast.

Birmingham Douglas Social Credit Group

Syllabus 1934-35.

- Oct. 10.—Inflation and the Dividend. E. W. Harrison, Esq.
- „ 24.—The Machine and the Dividend. C. Kenrick, Esq.
- Nov. 14.—Before Social Credit and After. J. G. Milne, Esq.
- „ 28.—The Meaning of Democracy. G. Hickling, Esq.
- Dec. 7.—**Address by Major Douglas in the Town Hall. Chairman, The Dean of Canterbury.**
- „ 12.—The Social Aspect of the National Dividend. T. F. Evans, Esq.
- Jan. 9.—Subject to be announced. Dr. J. E. Purves
- „ 23.—The Commonsense of Social Credit. L. D. Byrne, Esq.
- Feb. 13.—Resistances to Social Credit Propaganda. P. R. Masson, Esq.
- „ 27.—Life or Money? A. L. Gibson, Esq.
- Mar. 13.—World Affairs from the Social Credit Standpoint. E. H. Bill, Esq.
- „ 27.—The Emergent Order. Dr. Tudor Jones.
- Apl. 10.—The Advance of Social Credit. J. R. Morton, Esq.

The London Social Credit Club

A Members' Meeting will be held at the Blewcoat Room, Caxton Street, S.W., on Thursday, October 4, 1934, at 7.45 p.m. Speaker: Major Douglas. Subject: "The Limitations of Propaganda." Chairman: Mr. Ewart Purvis. Members may invite one guest. Admission cards are obtainable from Mrs. Best, Bromley Hill Court, Bromley, Kent. The club will also hold a public meeting at the same place on Friday, October 5. Subject: "Christianity and Social Credit." Speaker: Mr. P. J. Hand.

PORTRAIT OF MAJOR DOUGLAS

The portrait of Major C. H. Douglas, M.I.Mech.E., M.I.E.E., painted by Augustus John, has been reproduced as a Medici print in full colour. Copies may be had from SOCIAL CREDIT Office. Price 1s. 6d. each, postage with container 2d.

Social Credit Circulation

The support for the first issues of SOCIAL CREDIT has been very good, and the subscribers' list rises steadily. We must keep in mind the fact that this paper has a purpose other than increasing its own revenue.

We do not only desire a large circulation for the paper, we sincerely desire to reach the Social Credit objective. To do this quickly the number of our supporters must be increased quickly. Will you help us to put the unanswerable arguments of Social Credit *regularly* before a greater number of people each week.

To the receipt sent out to each new subscriber we shall attach a further subscription form, and we hope that each reader will try to secure another, remembering that each new supporter brings the Social Credit objective nearer. Will Group Secretaries please let the Manager of SOCIAL CREDIT have the number of their regular weekly orders as distinguished from sales.

If you have asked for SOCIAL CREDIT through your local newsagent, and have difficulty in obtaining it, please send us his name and address, so that we may remove that difficulty.

Election Campaign Leaflets and Pledge Forms

Copies of the No. 1 Campaign Leaflet, ("Demand the National Dividend") as revised for and approved by the Economic Democracy Committee of the Social Credit Secretariat, are now ready for distribution to groups. The Price is 4s. 6d. per 1,000 plus cost of dispatch. Postage on 1,000 leaflets is 1s. 3d. Will Group Secretaries please notify their requirements to SOCIAL CREDIT office.

Complete Stereos can be supplied to Groups who wish to undertake their own printing, 12s. 6d. post free.

Pledge Forms to carry twenty-nine signatures, for issue to Campaign Workers following a distribution of No. 1 Campaign Leaflet, are now ready. Price 1s. 3d. per 1,000, plus postage.

Display Advertisement Rates.

A rate of £2 per page, and *pro rata*, down to one-eighth page, has been fixed for advertising space in SOCIAL CREDIT. Series discounts: five per cent. for three, and ten per cent. for six insertions. If it is desired to see proofs advertisements should reach the Advertisement Manager, 9 Regent Square, W.C.1., not later than Friday morning for insertion in the issue of the following week, and final proofs should be returned by Tuesday of the week of issue. Size of advertisement page eleven inches by seven inches. Illustration by line block.

Only suitable advertisements will be accepted. SOCIAL CREDIT has an unusual reader value: subscribers read and retain their copies and rely upon the information contained.

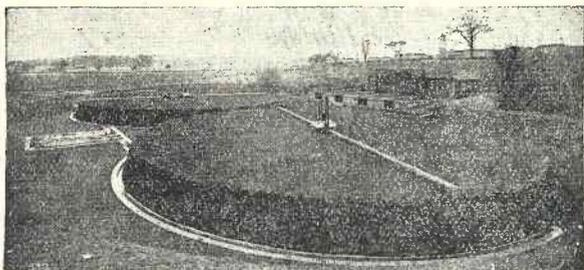
Douglas Tartan Ties

Ties in the Douglas Tartan can be supplied from SOCIAL CREDIT office, 2s. 6d. post free

Manual for Electoral Campaign Workers

A comprehensive Manual for the guidance of Electoral Campaign Workers has been specially prepared for and approved by the Social Credit Secretariat.

It will save time and cut waste of effort for Campaign organizers and workers. Paper-bound, duplicated copies 1s. 3d. post free from SOCIAL CREDIT office, 9 Regent Square, London, W.C.1.



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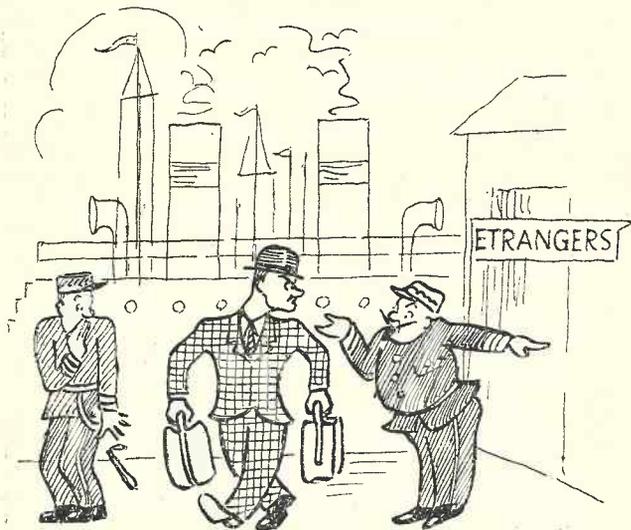
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IMPORTS MUST BE STOPPED

SOMETIMES, when the sky is grey and leaves are falling, and the mournful autumn wind moans in the gathering gloom I sit and weep, thinking of imports.

Imports are the devil. They come right in. They are the world's worst gate-crashers. We do all we can to keep them out. We call them names, such as "cheap," "subsidised," "adverse;" we even—throwing politeness to the winds—call them "foreign." They don't care. They come right in.

The navy is powerless. The police can do nothing. The coastguards seem to see nothing but. We put up barricades of quotas and they simply crawl underneath. We pile taxes on them and they only say, "I eat taxes. Gimme some more."



I said I was not a foreigner.

This cannot go on. It is a fundamental law of British economics that we depend on our export trade. We make more goods than we can buy so we have to make the foreigners buy them. There is no getting away from that. Its logic is unanswerable, so that anybody who does answer it automatically becomes an un. All the great economists have been saying it for years and I know a parrot who says it whenever you give it a nut.

If, therefore, we depend on our export trade, it follows that everything which tends to spoil our export trade must be stopped. And the greatest impediment to our export trade is the foreigners who will not buy our exports. Foreigners must therefore be stopped.

My readers will be accustomed to some pretty raw behaviour from foreigners. But it will come as a shock to most of them to learn that the reason why foreigners won't buy our exports is that they have the same economic laws as we have. They say that they, too, depend on their export trade, and that they, too, must send out more than they take in.

This is not only insolent, it is illogical. It is clearly impossible for all nations to send out more than they take in; where would all the goods go to? If we depend on sending goods out, foreigners must find a way of depending on taking them in. We started the export trade; we had it long before the others did. And the rule that a nation depends on it is our copyright.

I do not say that the foreigners infringed our copyright deliberately. They got into a muddle in the first place by entering our exports up in their books as imports.

Now, a British export cannot be an import. Once an export, always an export—at least, if it's British. But foreigners are always making that sort of mistake. For example, it is a frequent habit of theirs to regard an Englishman as a foreigner when he lands on their shores.

They tried it on me when I went to Boulogne. When I got off the boat a passport official directed me to a room marked "Foreigners." I pointed out his mistake. I said I was not a foreigner, but an Englishman. He said, "But you are a foreigner *here*, Monsieur." "Jamais!" I retorted, having learnt it in six lessons. And I passed through their midst, defying them to stop me. They did, and it cost me 200 francs.

Just in the same way foreigners get into a muddle about British exports. They call them something else when they arrive.

Clearly the foreigners must be told about this. They must be told that if they want to depend upon exports they must depend on ours, just as we do.

Further, they must be told that the goods they send out are not exports at all, but British imports, and that they simply must not send us any more.

For things are getting serious. Our imports are more than our exports; and when that happens we have what is called an "adverse balance of trade."

That is a fatal thing to have. You will realise how fatal it is when I say that an adverse balance of trade means that we take in more goods than we send out. And it will be clear to the meanest intelligence that if a country receives more goods than it gives away it must be poorer. And if you can't see that, borrow a mean intelligence from the School of Economics and you'll see it at once.

The moral of this is that goods are the most undesirable things to have. If they are made abroad we must not have them, because they increase the adverse balance. If they are made at home we must not have them, because it is our duty to send them out as quickly as possible and so increase the export trade on which we depend. Therefore it is difficult to see what goods we may retain if we are to achieve a satisfactory trade balance.



We depend upon exports, so let us get rid of as much as possible.

It will be clear from this that it is the duty of the nation to get rid of as many things as possible. Economically speaking, the greatest patriot is he who does without everything. It may involve certain changes of habit, to rid oneself gradually of all goods, beginning with car, gramophone and lawn-mower, and ending, weather permitting, with shirt and trousers.

But no sacrifice is too great for the achievement of a favourable balance of trade. Even if the trade disappears as it certainly will, we shall still have the favourable balance.

YAFFLE.