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NOTES OF THE WEEK

WHAT IS WRONG WITH "THE SYSTEM?"

THIS week the Labour Party, at its Annual Conference, will in various ways re-assert its belief that "the Capitalist system has failed," and that we need "a new economic order."

Both statements are true enough, but it is of little value to assert that the present system has failed without a clear analysis of why and where it has failed.

When criticising the "system" it is necessary to distinguish between the industrial and the financial aspects of that system. The Labour Party condemns both equally, and it is there chiefly that the Social Credit Movement differs from those Labour politicians and theorists who are sincerely endeavouring to find a way out of poverty. To regard both finance and industry as being equally responsible for the economic evils of the world is a very wrong diagnosis.

The truth is that the industrial system, regarded by itself, has not failed. The one thing that our economic system can do, and do thoroughly well, is to produce goods. What it does not do, and is at present no nearer to doing, is to distribute those goods to the people who want them.

The Fault is in Finance, Not Industry

The British industrial system, for all its faults in organisation and working conditions, is capable, just as it stands and without any further improvement, of producing more than enough goods to maintain the whole population in comfort and security. The sole reason why industry is working inefficiently to-day is that it cannot sell its product, and that is entirely the fault of the financial system, and can in no way be attributed to any shortcomings on the part of the industrialists nor their managers and staffs. Industry can, in the fullest sense of the phrase, deliver the goods, and the fact that the goods do not reach the people is because the people have not the money to buy them.

That is why the Social Credit Movement concentrates upon financial reform, and regards that as an essential and primary step which must be taken before any other social, political or economic reform is possible.

Most reformers, Labour, Socialist and Tory alike, ignore this flaw in the financial system. They assume that somehow or other industry, in the process of producing goods, at the same time distributes enough purchasing power (wages, salaries, dividends, etc.), to buy those goods.

Production will Take Care of Itself

The Social Credit Movement, on the contrary, would concentrate directly upon the needs of the consumer, believing that in these days of mechanical skill and progress, if consumption is assured, production will easily adjust itself to the needs of the people. Social Credit asserts that the financial system operates in such a way that there is never, at any given moment, enough purchasing power in the hands of the public to buy the whole of the product of industry.

The Douglas Social Credit proposals would adjust the purchasing power of the public to the prices of goods by regarding the nation's credit as a source of national income, instead of, as at present, a monopoly of the banks. The nation's credit consists in the nation's ability to produce and distribute goods. Upon this national credit a National Dividend—a free, personal income—would be assured to all citizens, irrespective of what other source of income,—wage, salary, or dividend, the citizen may have.

This dividend would increase as the nation's real wealth increased, and would put the people in a position to purchase as much as they required of whatever the country was able and willing to produce. At the same time a compensating price mechanism would prevent any counter-acting effects of rising prices or inflation.

We commend the study of these proposals to those members of the Labour Party and others who find, as an increasing number of people do, that the economic remedies in which they have trusted for many years fail to effect any improvement in the state of this or any other country.

And we would emphasise our contention that these remedies fail because, however much they appear to differ, they are alike in two respects: they ignore the operation of the financial system, and they concentrate on production while neglecting consumption.

DEFICITS, AUSTRALIAN AND OTHERS

The Times observed last week that "The deficits of the Australian States are by no means yet in sight of extinction." Of the four Australian States—New South Wales, Queensland, South Australia and Victoria—only the last expects to balance its Budget in the current financial year. *The Times* compares this situation with the fact that the Commonwealth Government "achieved its surplus last year." That is to say, the Government collected in taxation from its citizens more than it paid out. This alone is enough to account for a deficit in the three States mentioned, for deflation is being enforced, which means that less money is being circulated by the banks, so that every citizen finds it harder to pay his taxes.

The Times' leader makes the ominous suggestion that the Commonwealth Bank "will no longer find itself able, as hitherto, to finance Budget deficits." This statement is more probably due to the leader writer's ignorance than to deliberate bluff. Credit is created by the banks at no cost to themselves other than that of paper. (Pens and ink are negligible). We have not heard of any shortage of paper in the Commonwealth; therefore the Bank's "inability" must mean its unwillingness—a very different matter.

No doubt the banks, having got their tame dictaphone (Mr. Lyons) back into power, intend to put the screw on again. For a refusal of loans to balance Budgets must, as *The Times* says, force the State Governments "to resort once more to retrenchment." This is polite language for saying that the people of Australia are to have wages, salaries, unemployment pay and pensions reduced, and poverty, hunger and suicide increased, so that the figures in the banks' books may possibly balance some day.

Fortunately, the Australians seem to be learning more quickly than most people that orthodox financial practice is nothing but insolent robbery on a large scale.

NOT IN THE INTERESTS OF THE NATION

An Austrian Conversion Loan is to be floated shortly, according to the City Editor of the *Daily Herald*, under the guarantee of the British Government. The conversion will affect bonds issued in 1923, Twenty-four and a half per cent. of which the Government guaranteed. It is claimed that the saving in interest will amount to £2,000,000. *The Herald* suggests that this sum will be diverted to the further arming of the Austrian Fascist forces, but this is not the only evil feature of it.

Normally debtor countries are permitted to convert their debts to lower rates of interest only when their financial and political situation indicates improved financial stability. That is by no means the case with Austria: so it is obvious that this conversion scheme is a political measure to bolster up the present dictatorship in the interests of the chief holders of Austrian bonds—the international bankers.

This will be the second time since its election that the "National" Government has accepted the responsibility *in the name of the British people*, for an Austrian loan, which will benefit neither the Austrian nor the British people, but only international financiers. On the previous occasion, 1933, the Government made a loan of four and a half millions to Austria, which was used to repay a loan made by the Bank of England in 1931, in the vain hope of averting the failure of the Austrian Credit Anstalt. This loan, as the Commons debate showed (Hansard, 7-2-'33), was made at the order of the Bank of England, which, tired of "holding the baby," shifted the burden on to the British people. As Captain Fuller, M.P., justly observed, "we are conniving at the transfer of a private debt, incurred without the consent of this House, between the Austrian Government and the Bank of England, and we are conniving at the transfer of this liability to the responsibility of the British taxpayer."

And so history will repeat itself. The Government will again have the insolence to make the people pay for a loan which, so far from benefitting them, will only increase their debt. And this process will continue so long as the people allow their Government to exist solely for the purpose of furthering the interests of an irresponsible, anti-social financial clique, and for no other purpose whatsoever.

ROOSEVELT TO LIE DOWN

Mr. Roosevelt, in his broadcast address last Sunday, said that he would "stand or fall by his refusal to accept as a necessary condition of our future a permanent body of unemployed."

This means that if Mr. Roosevelt is to stand, machinery must go; the cumulative advances of mechanical science are to be abandoned and forgotten. But obviously, if such are the only conditions of Mr. Roosevelt's perpendicularity, Mr. Roosevelt would be well-advised to lie down as soon as possible and get it over. For man will continue to devote his hopes and his inventive genius to the saving of labour, and nothing can stop him now, however long purblind statesmen and economists continue, by keeping him short of money, to prevent him from putting his inventions to their proper use.

Employment in industry will grow less and less; the only alternative is a return to the conditions of the Stone Age. The utterances of statesmen will begin to be worthy of an intelligent person's notice when they recognise the simple fact that what modern man wants is not work, but money to buy the proceeds of the machine's work.

MAJOR DOUGLAS WILL BROADCAST.

We are glad to announce that on Friday, November 30, St. Andrew's Day, Major Douglas will broadcast an address on "The Causes of War," from 10 to 10.15 p.m. The address will be broadcast from the National (Droitwich 1,500 metres) and all other National transmitters.

Major Douglas will address a meeting arranged by the "New Era" Club of Oxford University, in Oxford, on November 2, at 8.15 p.m. Tickets obtainable from: D. O'Callaghan, President of the "New Era" Club, Oriol College, Oxford.

We should also like to call your attention to the fact that Mr. A. R. Orage, Editor of *The New English Weekly*, will broadcast on the evening of Monday, November 5.

BLOC-HEADED

Last week the "gold bloc" held a conference at Geneva, in which they affirmed their allegiance to gold. The gold bloc consists of France, Italy, Belgium, Holland, Switzerland and Luxembourg. They further affirmed their belief that an extension of international trade is the dominant and urgent need. In this the "gold bloc" are no sillier than any other countries whose economic system and policy are dominated by financial interests which operate in complete opposition to human interests.

To regard the gold standard as the means of reviving international trade is no more wildly irrational than to regard international trade itself as the first objective.

The Observer says, "the political restrictions against the payment for goods and services in foreign exchange are the greatest single obstacle to world-recovery." That is like saying that the greatest obstacle to getting out of the window is the gate at the end of the garden. We choose the *Observer* only at random; its remark is only a variant of the common fallacy that international action must precede national, and that no nation can take any step until all nations take it simultaneously. Practically all papers and parties, Socialist, Labour and "Capitalist" alike, endorse this fallacy, which is either the cause or the effect—it doesn't matter which—of their stagnation and decline.

By far the greatest single obstacle to the world's recovery is the fact that each separate nation lacks the financial means of purchasing its own production. Until the people of each nation first increase their trade with each other at home, they cannot by any possibility increase their trade with other nations. Whatever the "internationalists" say, be they Socialists or bankers, the nations have got to pass through a phase of intensive economic nationalisation before world-trade can revive. The way to foreign markets is through the home market.

ANOTHER SURPLUS—ANOTHER SWINDLE

The Sunday Express, announcing "Another Budget Surplus," states that the Chancellor budgeted for £76,000,000, but "has already got much more than half the year's estimate in the first half of the year. He is likely to have several millions of surplus . . . next March."

This, which means that the Chancellor took more money out of the people's pockets than he need have done, is notified as an "encouraging half-year." Doubtless it will be regarded as such by the majority of *Sunday Express* readers who will accept the general belief that a Budget surplus is somehow or other a good thing. The first important step in the economic education of the public will have been taken when they realise that a balanced Budget merely means that they have been swindled. They have been robbed (*i.e.* taxed) to repay, as if it were a debt, money

for public expenditure which ought to have been issued free of cost by the government on the credit of the nation's capital wealth. All taxation, whether resulting in surplus or deficit, is robbery; but a surplus means that the thief, by an arithmetical miscalculation, has taken more than he expected.

THE BREAKDOWN OF COTTON EXPORTS

In his address to the shareholders of the Calico Printers' Association, Limited, recently, Mr. Lennox B. Lee, chairman, pointed out that tariffs upon printed cotton imported into overseas markets since pre-war days had increased from an average of about five per cent. to thirty per cent. These high tariffs walls have been erected with the object of fostering the cotton printing industry within the various countries that were once Lancashire's chief markets. They have only succeeded in reducing the output from this country to probably less than half what was regarded as normal before the war, and, according to Mr. Lennox B. Lee, must fall further.

The effect of these developments is to render surplus a great amount of plant and labour in Lancashire; and, as things are at present, the displaced workers are thrown out of pay as well. Thus are the pioneers rewarded for their strenuous efforts in building up industry.

This system is breaking down with demoralising results everywhere. The last strongholds are to be found in dictatorship countries like Italy, where Mussolini has kept up the efficiency of the system by his personal genius and great financial backing from undisclosed sources. Even in Italy, however, the industrial situation is not far short of desperate now, and the struggle for foreign markets for surplus Italian output is intensifying to the extent that there are about a million workers chronically unemployed.

There is only one way out of this impasse which is leading one nation after another through poverty to war or revolution. As by their industry and co-operation the people of any country develop their productive capacity, which is a country's real wealth, they should receive a National Dividend upon it. By such means they would be able to purchase whatever they required of their own country's production, and would cease to rely for their existence on the futile attempt to persuade other nations to buy what they cannot afford.

MORE DESTRUCTION OF WEALTH

French shipbuilding is reckoned to be at thirteen per cent. of its 1921-1931 level. According to the *Financial Times*, the French Government "at last seems to be intent upon a drastic rationalisation of this industry." So they propose reducing the sixteen yards to eight, and have warned shipbuilders that unless they co-operate with the Government they will lose their subsidy. On September 1, French idle tonnage amounted to 564,000 tons, against 887,000 tons on January 1. Recent subsidies have allowed 105,000 tons to be put back into commission.

There is nothing unusual about this procedure. The destruction of real wealth, quaintly termed "rationalisation," is the logical result of the habit of restricting all industrial and commercial activities to the artificial shortage of purchasing power. What is hard to get accustomed to is the fact that the rulers and economists of the various nations can think of nothing better.

Why is French shipping to be reduced? Certainly not because the French people have no use for more ships. The reason is simply that the French, like all other nations, lack the purchasing power to consume and use the capacity for production and public services which they possess.

There is only one possible means of enabling a nation to develop their carrying trades. That is the adoption of a National Dividend, which by adjusting the purchasing power to the world's increasing productive capacity, would immeasurably increase the demand for transport.

THE TIMES ADMIRES JAPAN

It is possible that the West may ultimately learn its beginnings of economic commonsense from its fear of Japanese competition. Meantime, Japan serves alternatively to the orthodox economists as a shining example and a source of fear. *The Times* last week published an account of Japanese working conditions and told us "where Japan excels."

That journal has not, however, learnt much sense, economic or otherwise, from its study of Japanese "excellence." Its adulatory leading article contains a ludicrous but very significant contradiction. Having observed that

the cheapness of Japanese labour "tells heavily" in competition when harnessed to technical efficiency, and that one of the causes of her rapid industrial development was her over-population and difficulty of emigration, the article goes on to emphasise the advanced mechanisation and labour-displacement that is taking place. "Some workshops," it quotes from a report, "seemed almost empty of workers."

Now if workers are being dispensed with so thoroughly as that, then Japan's attempt to deal with over-population by industrialising the people is not a good example of "where Japan excels." Again, cheapness of labour has very little effect upon competition, because as we have previously pointed out labour bears an almost negligible proportion of Japanese productive costs. Wages could be quadrupled without any considerable effect on price competition with the West.

The Times' lapse of logic may be excused because of its obvious preoccupation with other features of Japanese life. It quotes as "industrial assets" the "paternal relationship" between employer and employed, the "powerful sense of common interest," and the "simple way of life." These three features, impressive as they may appear to *The Times*, and natural as they may be to the Japanese people, have a sinister significance for English democracy. The fact is, democracy cannot survive if our economic welfare is to depend upon foreign competition at all, even apart from Japan. And the only way to escape from that fatal dependence is to enable the people to purchase what they require of their own production, by means of a National Dividend.

In that way we should cease to depend on foreign competition, and foreign trade, instead of a permanent source of fear and impoverishment, would become a mere exchange of surpluses, making for the variety and enrichment of social life.

ECONOMIC PRINCIPLES REQUIRED

Sir Arthur Salter has suggested, in *The Times*, that a simple statement of economic principles should be prepared and sent to various Governments.

That is certainly a good idea, but if Sir Arthur has his own principles in mind it is a thoroughly bad idea. Besides, the out-of-date nonsense which Sir Arthur himself continually delivers to the public as economics is already known and, unfortunately, acted upon, by Governments.

As a sample of his economic wisdom and his grasp of the realities of day-to-day economic life we may recall that about the time of Kreuger's suicide, and about a week before that romantic genius was discovered to have been the leading financial swindler of his day, Sir Arthur Salter broadcast a fulsome appreciation of Kreuger, with special reference to his highly moral and statesmanlike attributes.

Before proceeding to the education of Governments, we suggest that a simple statement of economic principles should be prepared and sent to Sir Arthur Salter.

MONTAGUE NORMAN WOULD EAT MORE FRUIT

There are certain stages in the absorption of a good meal at which, proverbially, the truth comes out of a man. He grows more candid, throws off his reserve, opens his heart and takes his fellow creatures into innocent and amiable confidence.

At the annual Mansion House dinner to the bankers and merchants of the City of London, held last Tuesday, Mr. Montague Norman's speech came well down the programme, when the evening was mellow. Confessing himself "a visionary" and waxing poetic, as he always does, about the lofty and, to use his own word "altruistic" motives of the banking system, he closed with what may be recorded as a very candid expression of the real purpose of the banking system. He would remind them, he said, in connection with the Imperial Central Banks, that the old tag was coming to life:

"The higher up the plum tree grows
The finer grow the plums;
The more the cobbler plies his trade
The broader grow his thumbs."

Mr. Norman's candour takes varied forms. A few years ago, it will be remembered, on a similar public occasion, he confessed that the economic situation was too much for him, and that he "could not see the light at the end of the tunnel." Now, though equally candid, he is in better spirits. He has given up looking for the light in the tunnel and turned his eyes to the plums at the top of the tree. It has made him happier.

The Australian Election

by Major C. H. Douglas

II.

FOR these and other reasons, which I hope to elaborate from time to time, I believe that we are witnessing a demonstration of the unsuitability of Party Politics to modern conditions. Not only do I suspect that the Australian Social Credit Party has been politically out-manoeuvred, but I believe that any party in a Party System can be out-manoeuvred if it raises so vital an issue as that of the control and distribution of the National Credit.

It is a commonplace to say that High Finance subscribes impartially to the war chests of every party of the State, and that any one Party is only a portion of the political forces which are overtly or covertly controlled from financial sources. And because the part is always less than the whole, so, if necessary, the part can be defeated by the remainder. Mr. Lyons, whose financial orthodoxy is being rewarded by his re-election to the post of Prime Minister, was stated by one London journal to have had no difficulty in retaining his seat against *two* Douglas Social Credit opponents. Possibly on some future occasion it will require three, to ensure his victory.

Regarded as a form of advertising, however, the appearance of the Social Credit Party in the political arena has been worth all the immense amount of work which I am confident has been put into it. It is bound to provide Mr. Carruthers, presumably the sole titular representative of Social Credit in the new Parliament, with an even stronger moral backing than his own triumphant election gave him some months ago, and to encourage the latent support which doubtless exists in members elected under other labels. It will have carried across to the Western Provinces of Canada, where Social Credit is growing with snowball rapidity, both a message of encouragement and a warning that, whether or not the harmlessness of the dove is required at this juncture, there is no doubt as to the need for the wisdom of the serpent. And above all (and I count this to

be a sovereign virtue which transcends any errors of strategy), it has taken Social Credit out of the Debating Societies into the realm of action. Not only has the army been recruited but it has fought.

Although the success which has been achieved is moral, rather than material, the general population of Australia may quite possibly reap direct benefits at no distant date at the hands of Mr. Lyons' Government, which, could they but know it, they owe directly to the Social Credit candidates. From my own observation of them, all politicians have a lively sense of the Wrath to Come. Those powers which for the most part control politicians are well aware that Reform is the best bulwark against Revolution. For this reason, while vigorously ridiculing the necessity, practicability or soundness of the methods and objectives of the Social Credit Movement, Mr. Lyons may find himself driven to provide at any rate an instalment of the prosperity and security which are included in its objective, and in doing so may find himself committed to the policy he is so concerned to oppose.

Should this be so, my suspicions will be confirmed that we are about to learn how to make a non-party democracy work successfully. If I am wrong, then we, for lack of a better, must be the instructors.

It will be by methods which are not so spectacular as those to which we have become accustomed, nor will they afford such an opportunity for the political adventurer. They may be none the worse for that. But by their very nature they will assist in dispelling the delusion that it is possible to segregate political virtue into any one section of the population, and by so doing bring so much nearer the genuine embodiment of Lincoln's definition of Democracy.

(Concluded).

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The Case for the National Dividend*

THE National Dividend would not only remove the poverty and insecurity of those unemployed, who are supposed to be dealt with on a miserly scale by the combined efforts of State Unemployment Insurance, Relief Work, Public Assistance Committees, raids on the meagre incomes of their own families, and charitable gifts of societies and individuals, but also with the poverty and insecurity of large numbers of other people.

These are not counted in the statistics of the unemployed or of those relieved out of the rates, but their painful situation is not the less real for that. They include many retired and invalided small business and professional men and their families, widows and orphans; misfits, and unfortunates, those who have to live on narrow pensions, many struggling shopkeepers and boarding-house keepers, small farmers, and others whose income is always precarious and generally poor. If any one doubts their existence, let him read steadily the Personal Columns of such papers as *The Times*, listen to the gossip of his neighbours, or get into talk with an established general practitioner of the suburbs.

To these may be added all those whose moderate income depends on dividends from investments. These incomes are so notoriously fluctuating and uncertain that the insurance companies and the investment trusts which have multiplied during recent years use this uncertainty to persuade the small investor to hand his cash to them, thereby making another move to concentrate credit control.

To all these people, who on the whole are as good citizens as any others but lack the power to collect claims to money on a large scale, the National Dividend affords a sure footing. It is the solvent of Middle Class Poverty, as it is of Working Class Poverty.

The old song, "Hark, hark, the dogs do bark, The beggars are coming to town!" dates from Tudor times, when gangs of landless men, evicted monastic servants, returned soldiers, and social rebels wandered through the country, a menace to its staid inhabitants. We have not such a problem at the moment, nor do we suffer from

hordes of Gipsies, such as harass the lands east of Vienna, or the armies of migratory workers found in the United States. But there are enough regular tramps and poor "travellers" to be met with on the roads of Britain to induce compassion for their lot and indignation at the waste of humanity which this wayfaring so obviously involves to the men, women and children concerned.

We may readily grant that some of them are wanderers by temperament and that others have become habitual tramps through years of wretchedness and are permanently wedded to the roads. But that is no reason why they should remain outcast. Most of them retain spirit enough to shun the "workhouse"—I beg its pardon—the Public Assistance Institution, and with a settled income would become more like those other wanderers, whose summer travels on foot, cycle or motor-car, are not so hampered by such a lack of money.

There are also considerable numbers of youths and youngish men, who are not yet thorough tramps but are on the way to become so, and workmen, sick of loafing at the street corners of their home towns, run out of insurance benefit, and taken to the roads in the hope of some better fate. All these are prime claimants on a National Dividend. It is the means to avoid such human wastage. It is the preventive and cure for human derelicts.

So with criminals. No one would claim that economic causes are the sole causes of anti-social behaviour, but the gradual rise in the standard of comfort has been accompanied by a decrease in criminality.

The other causes cannot be assessed, nor can they be properly treated until the economic causes, *which are the easiest to deal with*, have been removed. Many criminals believe that society's hand is against them. The National Dividend would attack their poverty and the drab life bound up with it, and would be a plain proof that society's hand is *not* against them. Only on such a foundation can the Law and the Psychologist work aught.

(To be continued)

HILDERIC COUSENS.

*Continued from last week.

THREATS TO LIBERTY

THE FORCES BEHIND DICTATORSHIPS*

by the Very Rev. Hewlett Johnson, B.Sc., D.D., Dean of Canterbury.

THE private money monopoly leads directly to dictatorships.

Its pernicious results are, on the one hand, poverty amidst plenty, and on the other hand, insatiable demands for expanding foreign markets (upon which toll can be levied), as the price for permission to consume a fragment of what we can produce at home. The one result causes revolts towards a Communist dictatorship, evoking in turn a reaction towards repressive Fascist dictatorship. The other result demands ruthless leadership in face of shrinking foreign markets.

To save English liberty, three things are necessary; first, to regain the sovereign right of creating and controlling our own money. Secondly, to create money in the interest of industry, and make it as costless and subordinate to industry as railway tickets are to railway economy. Thirdly, to cause money tickets to reach the pockets of the whole consuming public in equitable quantities and adequate ways, so that the public as consumer has access to the things he needs and can produce.

The Power of the Money Monopoly

None of these things obtain to-day. First, we do not create our own money. Private companies, with the so-called Bank of England at their head, create over ninety per cent. of English money. They create it "out of the blue" and levy perpetual toll for doing so. Banks create and destroy our money—I refer you to the Report of the Government's MacMillan Commission—and he who creates money and flings it on the market or withdraws it again, controls prices and fixes wages: he wields sovereign powers. His Holiness Pope Pius XI recognises this when he says, in words more drastic than I now utter, "Control of financial policy is the very life-blood of the entire economic body."

Secondly, industry to-day is the slave of money interests. The quantity of goods produced is regulated by the quantity of money available, not the quantity of money by the quantity of goods. We restrict production to an artificially restricted market.

Hence, though we are physically rich—witness our wholesale destructions: twenty-six million bags of coffee, six million milk cows and so on; witness, too, our wholesale restrictions; 121 million pounds of tea and millions of bushels of wheat—and though we have the machines and men to remove all present want, and the inventors and organisers able to increase wealth beyond all dreams, yet we are financially poor and bidden to economise, to tighten our belts, to starve amidst bulging warehouses and fruitful fields.

Finance ceases to reflect reality. Money should, in fact, be as costless and subordinate to industry, as tickets to a railway. What mad railway company would despatch empty carriages while passengers clamoured at the barriers for seats, and say the tickets have run out and the printers refuse a fresh issue? What railway indeed would allow, as we do, a private firm to traffic in its tickets at all?

We Cannot Buy What We Produce

Thirdly, money tickets do not reach the pockets of consumers: "shortage of purchasing power," is the phrase. We as consumers cannot get what as producers we can make. Financial barriers hinder us. Finance no longer enables A (say the Kent farmer), who makes what B (say the Oldham weaver) wants, and wants what B makes, to supply each others needs.

Obviously, and demonstrably, the rate at which money tickets are produced in factories, by wages, salaries and dividends, and put into our pockets as consumers, is slower than the rate at which prices are generated in those same factories; thus the national Bureau of Research estimates that in 1913 American Industry paid out forty-five and a half billion dollars of money available to purchase consumers' goods, and in the same year produced consumers' goods to the value of sixty billion dollars.

In three ways only can the streams be made to flow at equal pace and the commodities we make with the one hand

*From a speech at the Autumn Assembly of the Congregational Union of England and Wales, Croydon, September 25.

be bought with the other: (1) We can build fresh works to produce more goods; that releases money indeed, but augments the evil. (2) We can expand our foreign markets to absorb our surplus goods; but foreign markets now shrink. (3) We can put purchasing power directly into the pockets of consumers, as a National Dividend and a National Discount.

Obvious reasons of vested interest prevent the third course to-day. Banks can only levy toll if money goes to producers and through them to consumers.

The Just and Possible Remedy

Yet the third remedy is reasonable: for to base maintenance on wages is precarious while machines progressively displace men. It is physically possible: witness our totally unimplemented riches. It is just: for the basis of our untold wealth, residing in the machines which harness solar power, and the science which multiplies our riches, are a communal heritage. They are not the perquisite of any one man, or group of men, nor the perquisite of wage or profit-earners.

This remedy must be applied. And it would be made financially possible, if we kept, as we should, our National Account Book and knew, as we might, our annual National appreciation of real wealth over consumption. We could then, quite scientifically, and in a costless way, create our own money to balance our own goods, and distribute the surplus as Dividend and Discount. Similarly, British industry in preparing more capital goods could be financed with costless money, as some of us have reason to believe that Japan is doing to-day.

There, then, is the alternative which may save us. Shall we have it? Shall we create, control and distribute reasonably and justly our own money, and set the wheels of industry revolving for the benefit of all? Or shall we endure starvation, see markets narrowing, see foreign trade shrinking, obey the call to tighten our belts and buckle swords to our side, and at last fling our liberties away and cast ourselves at the feet of a dictator?

THE THREE ESSENTIAL PRINCIPLES

The general principles required of any financial system sufficiently flexible to meet the conditions which now exist and to continue to reflect the economic facts as these facts change under the influence of improved process and the increased use of power, are simple and may be summarised as follows:—

(a) 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 (irrespective of the cost prices of such goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption.

(b) That the credits required to finance production shall be supplied not from savings, but be new credits relating to new production, and shall be recalled only in ratio of general depreciation to general appreciation.

(c) 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, as productive capacity increases per man-hour.

It seems quite possible that the form of organisation which would easily adapt itself to the embodiment of the foregoing principles would be that of a limited company. "Great Britain Limited" as a beginning for the "British Empire Limited," might form an organisation in which natural-born British subjects would be bond-holders. An elaboration of this conception would enable a transition to be made without shock and without any alteration in the existing administration of industry.

(From the statement of evidence submitted by Major Douglas before the Macmillan Committee on Finance and Industry, May, 1930, and offered to the Committee by request after cross-examination.)

AN INTRODUCTION TO SOCIAL CREDIT

by DARAN.

I.

IT is a common experience of Social Credit propagandists to be asked to state their case "in a nutshell."

That is not possible, because normally the knowledge of the enquirer is not sufficient to enable him to accept statements without analysis.

Nevertheless the Social Credit conclusions are legible in summary; they are a tangible expression of common-sense. They may be stated by a series of three-dimensional conceptions.

II.

First, as the general proposition of Social Credit; it embodies:—

1. *A statement of the existing economic and financial system.*
2. *An analysis of this economic structure, and the statement of certain mechanical defects therein.*
3. *Proposals to correct the defects identified.*

And it contains the implication that poverty, unemployment, and the economic causes of war are the results of mechanical defects in our social organisation and can be removed immediately; that economic security can be granted to every citizen unconditionally; and that these ends can be gained without appropriation, taxation, or class-struggle.

III.

The existing economic system is based upon a theoretical conception of supply and demand. But there is a third conception, "effective demand," which is in fact the "quantity law" of money. Again, three statements:

1. *"Supply" is the practical application of scientific research and invention to the creation of economic utilities, embodied in scientific industry.*
2. *"Natural Demand" represents the desire of all individuals for the material necessities and cultural requirements of civilised life.*
3. *"Effective Demand" is money, the only demand recognised in practical economic life.*

In theory, the purpose of an economic system is to reconcile potential supply, and effective demand. In actual practice, all action is measured by the "effective demand" created and distributed under the quantity law of money.

The function of applied science, in relation to industry, is to translate natural wealth into economic utilities, and to do so in the most efficient manner, thus removing material limitations from the individual, and satisfying his creative impulse. And the function of scientific industry is to supply goods as and when required, in the greatest quantity and of the highest quality made available by the scientific control of natural resources.

And, by theory and intention, money is merely a convenient medium of exchange, carrying these functions into practical operation.

IV.

Proceeding further, on the question of Supply, three conclusions can again be stated;

1. *The problem of supply has been solved.*
2. *Unemployment is a sign of scientific progress.*
3. *Foreign trade is a necessity of the quantity law of money, and is the cause of economic war.*

The possibilities of machine mass-production are common knowledge. The elimination of manual by machine labour is an obvious and legitimate aim of science. There are five nations whose industries could supply world demands, and all smaller nations are rapidly becoming industrialised. The Social Credit conclusions are justified:

Scientific industry has solved the problem of supply and can meet *all demands* made upon it. Unemployment is a symptom of scientific progress in transferring the burden of labour from men to machines; it is the scientific creation of leisure; it is now a permanent and growing feature of the economic system, and must be treated as such. International markets are now hopelessly inadequate to absorb the export of goods from industrialised nations, while each one must attempt to create a favourable balance of trade at the expense of the others. Continuance of such con-

ditions leads inevitably to deadlock, to be overcome only by the sabotage of war.

V.

Proceeding to the second conception, Natural Demand, it is obvious that this is potentially unlimited. Logically, therefore, the further conclusions may be stated:

1. *Supply is potentially unlimited, and may be eliminated from the enquiry.*
2. *Natural Demand is potentially unlimited, and may be eliminated from the enquiry.*
3. *Effective demand is an artificial creation, which results in poverty and economic war.*

These conclusions are now beyond controversy. Economic security and comparative wealth are immediately possible for every individual. Therefore, the defects that cause poverty, insecurity, and economic war must lie in the mechanism of economic distribution embodied in "effective demand," which is the money system.

VI.

These defects having been identified, the following conclusions may be stated as accepted by all serious students:—

1. *The breakdown of the fraudulent money-standard (in Britain, the fraudulent gold standard).*
2. *The breakdown of the accounting system of creating exchange values.*
3. *The breakdown of the wage system.*

Stated shortly, the method of economic distribution has failed; it has not been adapted to the needs and possibilities of a scientific civilisation.

A currency standard (the internal gold standard), is based upon a universal "commodity," the "quantity" of which regulates and controls the "quantity" of all other commodities: therefore, of all wealth and all economic activity. So, the owners of the "standard" money operate an irresponsible and all-pervasive monopoly, intimately affecting the lives of every individual, and the only regulating medium recognised by the monopoly is the tragic alternation of boom and slump.

Exchange values, or prices, are created on the assumption that all money-costs of production must be recovered in prices from individual consumers, plus an addition for production profit. That is to say, the effective demand in the hands of consumers must equal the financial costs of productive industry, plus profit. But, since industry must first distribute the effective demand as wages, salaries, or profits, and include such distribution in cost, the recovery of any surplus is impossible. Therefore, the profits system is self-destructive. Further, the creation of money as debt, under the quantity law, ignores the increasing weight of capital charges under machine production, and the lengthening time-lag in the production cycle. Therefore, *costs must include items against which no effective demand is issued to the consumer*, creating a cumulative shortage of purchasing-power. Thus is created a financial illusion of scarcity, in face of the actual triumphs of productive capacity.

The breakdown of the wage and profits system is now the dominating fact of this mechanistic world. By the very triumphs of our science we are seeking to reduce the mass of our populations to a position of insecurity and poverty that is degrading and unjust. If we say: "You must work to obtain money, the licence to live," and if we say, "There is no employment for you, because your work is done by machines, therefore we cannot give you any money to buy the machine-wealth," then in refusing work we are refusing the licence to live, without right of appeal or remedy.

VII.

So, arising logically from three identified defects, three corrective remedies are proposed:

- (1.) *To replace the fraudulent exchange standard, based on money—a mathematical standard based on goods.*
- (2.) *To replace the defective costing, based on the money-standard—a "just price" based on the potential productive power of industry.*

(Continued on page 91).

SOCIAL CREDIT MOTIFS

1.—AS WHEN AND WHERE REQUIRED

THE phrase "as, when and where required" has become a humorous chant in the language of Social Credit. But, as with so many of the words which occur in Major Douglas's writing, more especially in his concentrated initial work, "Economic Democracy," these are fraught with meaning and actuality.

The fact that goods are not *where* required, and that no one can profitably transport them to the point of need, is the excuse for much of the wanton destruction of which we are aware, particularly of foodstuffs and other perishable articles.

Goods are in any event useless, and therefore valueless, if left where they are not required, whatever their costs of production have been. The value of all *things* is inseparable from their suitability, and their situation in time and in space. They have no absolute value.

The provision of men's needs "as, when and where required" is within the power of modern production and transport, and to that triple requirement all production would tend, if only for profitable disposal, did not these purposes run counter to the concentration of power in the hands of those who create and destroy money. Distribution of goods distributes also power, and the difficulty of securing satisfactory distribution is occasioned by monetary aims of concentrating power in a few hands being dominant in the world to-day. On that account a purpose remote from the common human purpose intervenes between men's ingenuity in production and the satisfaction of their desires.

No sensible argument can be advanced for thwarting the wish of the public for goods of particular quality, style and variety; no genuine difficulty lies in their timely appearance; no lack of vehicles or organisation to justify the omission to deliver them at the point of need. On the contrary, the whole natural interplay of growing, manufacturing and carrying, with all the modern genius of organisation is frustrated if either of these requirements is disregarded.

The characteristic of the economic disorder under which we languish is that none of these sensible demands are met, and we are reaching the ridiculous point at which the fabric of society is literally sustained upon disaster and misfortune, brought about by persistence in unnatural courses.

Is there a ship-wreck, all the marvel of construction, the engines so perfectly balanced that they can run continuously, the wealth of design and material become worthless. An irretrievable loss has been sustained. But the loss is welcomed, for the "burdensome surplus" of tonnage is reduced and the shipbuilding fraternity look hopefully for an order

to engage the resources of their empty yards. Does drought or pestilence reduce the world's supply of wheat or cotton, cattle or sheep, there is rejoicing in the wholesale "markets," whatever distress may be experienced by those whose crops have failed, and however the consequent "recovery" of wholesale prices is reflected in higher charges to the consumer. But bumper harvests ruin producers at the same time that they deprive consumers of the things they need and could enjoy! The fruit of man's labour and the sun's beneficence are either destroyed or left to rot where they stand.

The glorious sunshine of this year of grace in Britain has loaded the trees with profusion of apples and pears and plums; there are few amongst the population to whom these gifts of nature are not palatable. But the lavish crops are the despair of the producers. They cannot market the fruit except at a loss; with the consequence that a great part is not harvested at all, and the public is deprived of benefit and pleasure.

The tender spot lies here: that an absolute conflict of interest exists between the common human purpose and the purposes of finance. The producer's purpose and the consumer's are necessarily inseparable, but two forms of in-human pressure compass the producer's path:

(1) That by his ruin, money for spending is withdrawn from circulation—always a major interest of finance; and (2) the lack of money thus arising provides the opportunity to the money monopoly for creation of fresh debt to themselves, secured upon a fresh mortgageable interest. The monetary objective is always removed from the field of immediate consumption. For the interest of finance lies in the continual creation of fresh debt. Its procedure is to stimulate production and then utilise all its power to limit consumption to a minimum.

But the interest of all the world of men is in the fruits of production, and in their delivery "as, when and where required." Men have no concern with the equipment and organisation needed to carry out their common purpose, except to demand that they shall be efficient. And since, as we have found, things are only of worth when they are suitable, timely and where wanted, they have value only in immediate relation to human life.

Thus, from a new angle of vision, the truth is confirmed that man is the measure of all things. And the genius of Social Credit in putting principalities and powers under the feet of every man, by giving him power to demand what he wants, is demonstrated.

DEMOS.

AN INTRODUCTION TO SOCIAL CREDIT *continued*
from page 90.

(3.) *To supersede the wage system of distributing effective demand—a system of National Dividends.*

The first two conceptions are embodied in the mechanism of the "Just Price." This is based on a recognition of the present circulation of money, goods, and prices from the same channel of industry. The true income of a community is the value of economic utilities consumed; if the production of goods, in a given period, exceeds the consumption, the unused balance is, obviously, an increase of the real wealth of the community. It is carried forward for future enjoyment. But its *price* is also carried forward as a charge against future purchasing power.

At present, it is sought to charge the cost of unused wealth into the price of goods consumed. By the mechanism of the "Just Price," the proportion of unused wealth is eliminated; the selling or "Just Price" bears the same relation to the normal cost price as aggregate consumption bears to aggregate production. Simply, effective demand would be left in the hands of consumers, by means of a price-discount, to be carried forward to meet the costs of goods carried forward. The discount would be operated through the efficient mechanism of the Bankers' Clearing Houses and liquidated by a Treasury Issue Account.

(1.) *The balance of the Treasury Issue Account would therefore equal the value of the social increment of unused production.*

(2.) *The effective demand in consumers' hands would always equal the price-value of goods available.*

(3.) *The discount-currency would be created after production of actual goods, and the mathematical ratio of production-consumption would eliminate the commodity-money standard and so destroy the monopoly embodied therein.*

Finally, by a variation of the price-discount, and by an extension of the finance-capital methods of joint-stock organisation as adopted nationally during the war, a fund would be created *without taxation* for the unconditional issue of a National Dividend to every individual by right of citizenship, to be increased in direct ratio to the productive power of scientific industry.

Normally, the reduction of Social Credit principles to a concise summary leaves the enquirer bristling with questions. The statement of terms and technical methods may bewilder him. But, in fact, Social Credit deals with the fundamental simplicities of economics, and *its technical methods are an adaption of existing organization, already widely understood.*

To assist the busy man, however, the elements of this summary will be analysed in these columns during the coming weeks, in a manner designed to eliminate the possible difficulties created by lack of time for detailed study.

WHAT IS SOCIAL CREDIT?

by the Marquis of Tavistock

IT must be obvious to every thoughtful person that the modern civilized world has enormous resources in raw material, plant, labour and scientific knowledge which could enable it to satisfy the needs of its inhabitants many times over in respect of goods and services.

It must also be obvious that this most potential output of real wealth is not being utilized because would-be consumers have not enough money to pay for it.

Social Credit, therefore, is simply a mechanism for enabling people to buy all that they desire of what the industries of their country have produced or imported.

There are three main reasons why this is impossible under the present financial system.

Money is Issued as a Debt

1. Nearly all new money is first created and issued in the form of debt, *i.e.*, of bank loans. Bank loans differ from ordinary loans in that they are creations of new money, not loans of sums of money already in existence. The result of issuing nearly all new money as debt is to make prices top-heavy and taxation burdensome, while buying power remains starved; for the obvious reason that this debt-money and its interest can only be repaid by adding it to costs and prices, if the loan is made to industry; or to taxes, if the loan is made to the Government. Social Credit overcomes this difficulty by arranging for the creation and issue of a sufficient percentage of new money which does not start as debt at all but is a gift to consumers, enabling them to buy, without any corresponding addition to prices or taxes.

The value of money, it may be pointed out, does not depend on the manner of its creation nor on the method of its issue, but simply and solely on the presence in the country of an adequate backing of real wealth, *i.e.*, desired goods and services.

2. Machinery and power-production are rapidly displacing human labour. It is obvious, therefore, that the persons displaced from paid labour by machinery must (together with other citizens), be given the money to buy their share of the output of the machines that displace them

and it is equally obvious that the money for this purpose will not be taken out of other people's pockets, or Peter will only be robbed to pay Paul.

This problem is overcome by the issue to every citizen, in work and out of work, of an equal sum of new money termed the National Dividend, the amount of which would vary with the country's utilized capacity to produce goods and services.

The Permanent Shortage of Money

3. For certain technical reasons associated with the increasing mechanisation of industry, during any given period too little money gets distributed in a form immediately available for buying consumable goods and too much gets temporarily hung up doing other things and making other payments. The result is that sellers are always in the position of being obliged to charge more for their total output of goods than buyers are in a position to pay, with the result that, even with many people still in need, goods often have to be destroyed, or sold at a loss, and production and imports have to be cut down even further.

To remedy this state of affairs Social Credit makes it possible for sellers of goods to reduce their prices to a figure within the reach of consumers' incomes, making up to the sellers with new money not created as debt, the difference between the reduced prices and the sum they must recover in order to repay their business costs and make a fair living for themselves.

Social Credit is not inflation, because inflation means increasing the supply of money until there is more money than goods. Social Credit increases money and goods *together*, keeping the two in due proportion and keeping prices down. Social Credit could not have any bad effect on our import trade, because, even under the present system, we do not pay in British money for the goods we receive from abroad. It is therefore no concern of the foreigner whether we choose to have enough British money to buy all the goods for sale in Britain or whether we don't. As a matter of fact Social Credit would assist both the import and the export trade and make tariff barriers unnecessary.

De-mesmerise Yo'self, Bo!

THE perusal of any daily newspaper can only lead to the conclusion that the average Englishman has been completely mesmerised by the pundits of the banking system.

For instance, in one paper, we read that "the total of persons at work is still rising . . ." When we look at the trade referred to, we find it is coal-mining. Figures are published, and the situation is hailed as a great improvement. At the same time, *The Passing Show*, publishes an extract from "English Journey," describing the hollowness of the miner's life, and a picture of a miner, the caption of which informs us that one in five miners are injured every year.

It is typical of the state we are in that an increase in the number of human beings, flesh and blood, put into this dull, unhealthy, and dangerous job should be regarded as an improvement. Yet it is so. Work has become an obsession, and any lightening of the human burden in the extraction of wealth is dubbed calamitous. The introduction of labour-saving machinery is resisted in places, with might and main.

It is all because we have been mesmerised into thinking man "lives to work," instead of "works to live." The more machinery he has, the better he is able to live.

We have been mesmerised into looking at the money side of things instead of the physical aspect. The result has been that money has assumed the position of major importance. The delusion that there is a limited amount of money in the world is persistent. So when a cry goes up for more houses, a pitifully small programme is arranged accompanied by the excuse that the nation cannot afford more. This is really a declaration that the nation can make no more bricks or mortar, wood or window panes; an obvious lie. Yet none object. They have been mesmerised into thinking money, paper tallies of things, as of more importance than the things themselves.

They talk in loose terms, of one man "making money," or of another putting "money into a foreign country." Neither of these expressions mean what they say. The first man would be a forger, not a successful business man; the second would find that his English money stood no chance of being accepted as currency in another country. Mis-statements of this kind can only serve to confuse the average man, who has not the time to sort and classify them, and whose education from school, platform and press appears to be specially designed to prevent him from doing so.

According to Herr Hess, at the International Roads Congress, Germany has been criticised for building roads (and for increasing armaments), whilst foreign debts are still outstanding. This is an example of popular mesmerism. The internal works of Germany are financed in German money, of which the Reichsbank can create and lend to the Government as much as it likes. But the debts to England cannot be paid in marks. They must be paid in goods sold here for pounds.

The goods are resisted here because their advent throws the Briton out of work, and so makes him poorer. Yet it does not strike him as ludicrous that the more goods are brought into this country, the poorer he will be. If the German debts were large enough, *and if we allowed Germany to pay them*, we should all be starving. Yet commonsense would suggest that it should be the other way round: the more goods Germany sent us, the better off we ought to be.

The nation must get rid of this confusion about money. What is physically possible, can be done. Money is only to make it easier, not harder.

Once having got this idea firmly fixed, the way is clear to a fuller appreciation of Social Credit, *the financial system which makes things easy*.

H. LANCELOT WILDE

THE CONCEPTION OF DEMOCRACY

“IF you look upon majorities as the expression of a want or a desire, and parliamentary institutions as mechanism for implementing that want, I believe you will get to the true function of a sovereign parliament at the present time.”—Major Douglas at Ottawa.

It would not be an exaggeration to say that the success of the forthcoming Electoral Campaign will depend almost entirely upon the degree to which the people of this country can realise and appreciate the absolute truth of this statement, for it is, in essence, the definition of democracy. The Electorate must know that it is the expression of their collective will which should, in effect, govern the nation. And they must know too, the exact extent to which the parliamentary machine is capable of carrying out that expression.

It is rapidly becoming clearer to the mass of people that the major problem facing the civilized world to-day lies in the distribution of the abundance which science has made it possible to produce. The existence of “poverty in the midst of plenty” is now amply recognised and there appears to be a steadily increasing demand that this plenty should be distributed. There is much divergence of opinion, of course, as to the methods by which this should be accomplished, but viewed in the light of the preceding explanation of democracy it would appear that a unanimous agreement on this point is unnecessary if the objective is to be approached through the present constitution.

The Two Alternative Policies

There can be no doubt that the progress of the world has reached a point to-day at which civilisation is called upon to make a decision and it is upon this decision that its maintenance and very existence will depend. Its choice must lie between two clearly defined policies: firstly, that which may be described as the policy of control, and is typified in Fascism and like methods of government; and secondly that of true democracy, which is the aim of the Social Credit Movement.

In the former case the fundamental idea appears to be that the individual should become subservient to the State and should have liberty and freedom withheld from him to this end; it is not apparently realised that the extent to which this liberty and freedom is withheld determines the extent to which the State is a slave State; for it is, of course, the individual members of a State which constitute the State itself.

The basis of true democracy as distinct from the idea of the individual serving an abstraction—the State—provides that the sole purpose of the State shall be to serve the individual. This has already been set down as expressed by Major Douglas, and it is here that his conception of democracy becomes invaluable to the civilized world, for it indicates a direct and potentially effective method of approach, which is not difficult to grasp and provides a means of expression for the people to protest against that increasing restriction of liberty and security which must, ultimately, resolve itself into a form of government by control which, in its essence, is contrary to evolutionary principles and directly against the urge, latent in mankind, to attain to absolute economic freedom.

A Definite Line of Action

We can expect that the controllers of the present financial system will make a determined attempt to stifle this urge, as its fulfilment would necessarily overthrow a system which is calculated to operate directly in their favour, but provided that a readily understandable means of furthering it can be made known sufficiently widely, it is reasonable to suppose that this subversive propaganda will carry little weight. The Electoral Campaign initiated by Major Douglas at Buxton in June this year *does* provide a means, and is, in fact, the only method which could be employed at present to place before the public a concrete and well-defined line of action—for it will be agreed that unless the majority of people do indeed take action, there is little hope of winning the freedom towards which we are striving.

It is not the wish of the Social Credit Movement to be put into power, and it is thus immediately distinct from all party political organisations. It is rather its aim to serve the electorate of this country in accomplishing a task which must ultimately depend entirely upon a demand emanating from the majority, and it is solely the guiding and advancing of this demand with which the Movement must be concerned.

It will be the duty of its members and supporters to lead the public to an understanding of the fundamentals of real democracy in order that they may know the only manner in which their demand can be made effective. The proposition which they must make known is simple, for it entails nothing more than a realisation of the existence of “poverty in the midst of plenty” and the admission that the distribution of this plenty can and must be carried out. The technical details of how this shall be done is not a matter which need necessarily concern the electorate, as it is the function of Parliament to see that their wishes are made effective by whatever means are necessary to do so. It is essential, however, that the people should be made familiar with the situation in order that their demand be expressed plainly and towards one objective.

It must be realised that we are, in fact, a rich country in so far that there exists to-day an abundance of the goods necessary to satisfy our material wants; the effective means of obtaining them (the purchasing power) alone is lacking. Wages and salaries alone are not enough, as inventive machinery is rapidly displacing human labour. The only method of securing the distribution of goods lies in increasing the personal income of every citizen irrespective of whether he is employed or not. That is why a National Dividend must be the basis of the Electoral Campaign.

The National Dividend can be issued without inflation and with reduced taxation. If this is done the fear of poverty and insecurity will be removed for ever. It *can* be done if the people of this country demand it. It *must* be done if this country is to lead civilization away from the disaster which is threatening it.

It is your responsibility.

M. BOND.

Social Credit Secretariat

ELECTION OF EXECUTIVE

1. COUNCIL OF REPRESENTATIVES

Election of members to this Council is now being carried out by Affiliated Groups. Particulars will be sent to new Groups on affiliation.

2. NOMINATION AND VOTING PAPERS

Nomination Papers, upon which candidates for Chairmanship and membership of the Selection Committee may be nominated, will be sent to members of the Council of Representatives on October 8, returnable before noon on October 15.

Voting papers will be sent to members of the Council on October 18.

3. LATE AFFILIATIONS

Every effort will be made to give to groups which have difficulty in making the necessary arrangements an opportunity to vote, but no nominations will be accepted after October 15.

4. AFFILIATION

Application for affiliation to the Secretariat will be welcomed from any Douglas Social Credit Group or Association. Affiliation involves acceptance of the Statement of Policy (Published in SOCIAL CREDIT, September 14), and does not, as such, involve any financial obligation.

5. OVERSEAS ORGANIZATIONS

A list of Groups and Associations overseas which are affiliated to the Secretariat will be published after this election. In the meantime they are informed that the election does not in any way disturb their present relationship with the Secretariat.

W. L. BARDSLEY,
Secretary.

The French Finance Minister declares that devaluation of the franc would be a counsel of despair and would lead to ruin and misery.—*Daily Mail*.

Financial circles in Paris are evidently highly disturbed at the unwanted strength of the franc and what it may portend.—*The Times*.

Choisissez, mes amis!

A Social Creditor's Diary

Debt Robs the Future

IN an age of underconsumption, which at least one Bank of England Director—I refer to Sir Basil Blackett—recognises this age is, every act of economy on the part of Government or private citizen is an instalment of collapse. Conversely, every act of prodigality is an instalment of recovery. Where the prodigality, however, requires credit to be pledged, where it is, in other words, financed by a draft upon future income, and results in consequence in public or private debt, the very method of financing the recovery plants the seeds of future collapse.

Money Costs Nothing. Why Call it "Cheap?"

To understand all may be to forgive all. I cannot understand how it is possible at this day for the choir of Prosperity Quacks, including Mr. Gordon England, Mr. J. R. Clynes and Professor Keynes, to recommend an extensive policy of public works on the ground that "money is cheap." Mr. Keynes knows, and the others have no excuse for not knowing, that money is absolutely costless. What the State has to pay for it is simply a toll that the banking system is able to levy, because its power over the costless creation of unlimited money is protected, as no industrialist is protected by tariff, to the degree of Absolute Monopoly.

The Great Hold-up

Secretary Morgenthau's bragging that the U.S.A. had financed a six billion dollar New Deal at the expense of less than two billion dollars of National Debt would have been more entitled to be overlooked if the six billion New Deal had solved America's economic problem. It is true that the balance of four billions were profit on the devaluation of the dollar. That simply means that the paper profit was achieved by clipping a slice off each dollar every American possessed. When it is realised, as it soon must be, that the effect of this barefaced and grand scale hold-up of the entire American people has not effected the beginnings of a solution, and that it's debt or nothing next time, Mr. Morgenthau will be exposed as a poker-bluffer.

War is so much more important

Guess who wrote the following implied contrast between production for peace and production for war. During European War, "as long as the things themselves could be produced, the counters for dealing with them would always be forthcoming." The writer was the late Lord Milner. That the counters should be as surely forthcoming for the distribution of peace-products as they were for war-products is almost a summary of Social Credit. The rest is technique—the slight adjustments of the financial system which would transfer the control of the issue of the additional counters required to the community.

A = A + B. Q.E.D.

It is not absolutely true that A cannot in any circumstances equal A + B. Every bankruptcy, every scrapping of machinery and plant, every default to the wretched ordinary shareholders in the name of reorganisation reduces B a step nearer to zero. When B is zero, A = A + B. Incidentally at that point we should have returned, by way of the Dark Ages, to the Caves. Experts and politicians who have striven for nearly a score of years to get back to normalcy—meaning 1913—could scarcely mind if they landed a little farther in the same direction. A.N.

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.

BIRMINGHAM DOUGLAS SOCIAL CREDIT GROUP.

Oct. 10.—Inflation and the National Dividend. Speaker, E. W. Harrison, Esq.

LONDON SOCIAL CREDIT CLUB

Blewcoat Room, Caxton Street, S.W.

Oct. 5.—7.45 p.m.—Christianity and Social Credit, by P. T. Hand, Esq.

Oct. 12.—7.45 p.m.—Economics of the Middle Ages, by C. Featherstone Hammond, Esq.

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.

ELECTORAL CAMPAIGN IN SURREY.

CHERTSEY:—East and West Molesey, Egham, Esher, Walton, Weybridge.

EASTERN:—Godstone, Caterham, Coulsdon, Purley.

EPSOM:—Epsom, Leatherhead, Sutton.

FARNHAM:—Farnham, Pirbright, Frimley, Wimblesham, Woking.

GUILDFORD:—Hambleton, Guildford, Haslemere.

MITCHAM:—Beddington, Wallington, Carshalton, Mitcham.

REIGATE:—Dorking, Reigate.

CROYDON, N., CROYDON, S., KINGSTON, RICHMOND, WIMBLETON.

All supporters of Social Credit residing in any of the above-named constituencies or wards are invited to communicate with the Guildford Douglas Social Credit Group; Hon. Sec., Miss C. Lake, 18, Ennismore Avenue, Guildford, offering their services for the furtherance of the Electoral Campaign either as canvassers, speakers, clerical workers or in other capacities.

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.

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 100, plus postage. Will Group Secretaries please notify their requirements to SOCIAL CREDIT office, 9, Regent Square, W.C.1.

ELECTORAL CAMPAIGN POSTER.

It has been suggested that a poster, to be used by all Groups as an advertisement for the Electoral Campaign should be prepared with the approval of the Secretariat.

Numerous lines of approach suggest themselves. "You want more spending power—Vote for it" should be the direct suggestion, but to prepare one poster having the maximum appeal to every section of the Electorate in every part of the United Kingdom needs careful consideration.

Will Groups assist by suggesting posters which would be likely to create support in their districts. Ideas could then be compared and a poster designed, and published in SOCIAL CREDIT for open criticism, which would achieve satisfaction for the majority of Electoral Campaign Workers.

Suggestions to SOCIAL CREDIT office, 9 Regent Square, W.C.1.

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.

Subscription Rates.

SOCIAL CREDIT may be obtained through newsagents, or direct from the Publisher, 9, Regent Square, London, W.C.1. The subscription rates, post free, both home and abroad, are:—

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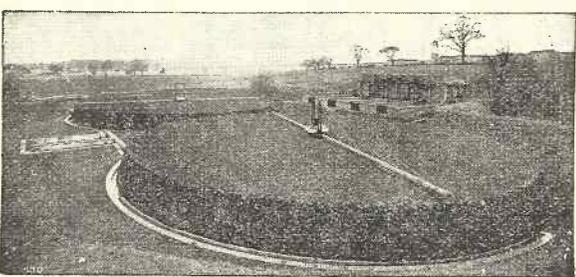
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EATING IS BAD FOR TRADE

WE now come to the question of eating. Of all the common habits of the people, if there is one which more than another constitutes a permanent menace to the economic stability of the nation it is eating.

Our rulers and economists lose no opportunity of discouraging this unpatriotic and Budget unbalancing habit, and daily the newspapers ram the lesson home. It is not that we should abolish food as such. The purpose of this propaganda is to discourage the popular notion that the purpose of food is to be eaten. It is not. The purpose of



Newton discovered the danger of a fruit surplus, and called it Gravity.

food is to be offered for sale. The idea that food is intended for the human stomach is out of date. The natural destination of food is the market—unless it is destroyed because the market isn't hungry. What happens to it after that is immaterial. Some of it may, by accidents which occur even in the best regulated economic systems, find its way into somebody's mouth. But that is not what it was grown for.

It was grown for the market and not for the stomach. And the market is a far more delicate organism than a stomach and must therefore have first consideration. *The Times* makes this clear: "The present glut of apples is the result of the most bountiful harvest of apples of recent years. As always happens at such times, the supply has been more than markets can digest." The moral of which is that indigestion of the market gives an economist a worse pain than the emptiness of another person's stomach.

It was Newton who first discovered the danger of too much fruit. As every schoolboy knows, as well as a large number of girls, he went to sleep under a tree and an apple fell on his face. It woke him up so he called it Gravity; and as it happened in the seventeenth century it is about the right date for an economic principle.

We shall grasp this better if we understand the fundamental economic principle so constantly demonstrated by our experts: that man was made for trade, not trade for man. This was clearly expressed by *The Times* the other day when it said, "the eating of one herring a week by each adult in these islands between the months of July and December, when the fish are at their best, would help to maintain one of our oldest maritime industries."

It will be noticed that the purpose of this weekly orgy is not to maintain the eater, but to maintain the industry. If the industry could be maintained by reducing the allowance to one a fortnight, or even on bank holidays, so much the better. If the adults of these islands could afford to eat enough herrings to maintain themselves it could only be because the price of herrings was so low that the industry was not being maintained. And if that were so the herrings would have to be thrown back into the sea, in accordance with sound economic principles, so the adults wouldn't get the herrings in any case.

I do not want to encourage the natural hoggishness of the adults of these islands by suggesting that the allowance of a weekly herring would be a permanent institution. It would be only a temporary expedient, to help the industry. *The Times* further emphasises this by reminding us that.

"In more prosperous times eighty per cent. of British caught herring went abroad in one form or another."

This means that the more prosperous we are the more of our food we send away. We increase our prosperity by the amount of food we don't eat. This shows the path to patriotic duty clearly: we must get rid of as much food as we can.

Now you must not jump to the conclusion that the mere destruction of food is in itself an economic principle. It will have been observed that though the economists are continually destroying food and reducing the area of crops, they get upset when Nature does it on her own—as by a drought.

Many people were puzzled recently by the American Press report that the farmers whose crops had been destroyed by the drought were removed to areas where there was sufficient water, while the same paper admitted that the drought had caused the much-needed rise in prices. If, it was asked, the economic necessity was to reduce the crops, why were the farmers encouraged to increase it again by going to a place where there was more water?

That is an easy one. We destroy food as a Solution. For example, the Paris correspondent of *The Times*, speaking of the French wheat surplus, says, "the simplest solution would be to buy the wheat and sink it 50 miles out to sea." Now, if Nature had drowned the wheat with a flood it wouldn't solve anything. It would simply be an act of God, which, as any theologian will tell you, has



The simplest solution of the surplus, says "The Times," is to sink it in the sea.

nothing to do with sound economics. If we throw it into the sea, it's a Solution: If Nature destroyed it, it would only be an accident.

Finally, a food reduction which is not made according to the needs of the market is an unsound, unorthodox reduction, and must not be allowed to become a precedent. The sole object of our economic system is to raise prices, whether anybody can afford them or not. And if Nature were allowed to control prices, there would be nothing for the economic system to do. And a nation without an economic system lapses into barbarism.

And there is no one—that is to say, no one who is a gentleman—who would not rather die of starvation by destroying all his food in a civilised manner, than live vulgarly and barbarously like a savage by eating all the food he grows in defiance of sound economic laws. (Applause).

YAFFLE.