TO MAKE A NATION OF CONSUMERS

The idea (if any) behind this campaign is that people would spend more if they were persuaded or reminded to do so—an obviously absurd assumption.

This particular campaign may be dismissed as a mere advertising stunt; but it is, as a matter of fact, characteristic of the sole cause of modern poverty, which is, that the whole question of the origin and extent of purchasing power is completely neglected.

In a world in which the problem of production has been solved so thoroughly that any one of the big industrial nations is at this moment capable, alone, of producing all the manufactured goods that the rest of the world requires, nothing whatever is done to increase consumption.

All attention is given to producing; none is given to buying. So much work has been done by every nation that none of them can consume the products of their work, yet the problem of all modern Governments is supposed to be that of unemployment—that is, of finding more work.

To put it shortly, Governments continue to devote themselves to making producers, when what they should do is to make consumers.

Production Planned—Consumption Left To Chance

And so, while production is planned with increasing care, consumption is left entirely to chance. It is as though governments and economists believe that consumers, like poets, are born, not made.

The reason why nobody attends to this problem is that economists and politicians of all parties still labour under the fallacy that the process of producing goods automatically produces and distributes enough money to buy them. An assumption which does not bear analysis in the light of the present enormous and obvious discrepancy between total prices and total incomes.

This complete neglect of the problem of consumption involves theories and practices the absurdity of which can hardly escape notice from the general public. For example, the two main methods of attempting to improve trade to-day are the raising of prices, and the reduction of costs. But as the reduction of costs means the reduction of wages and salaries, prices cannot be raised because there is less purchasing power to meet them. Yet all over the world to-day we find traders and economists repeating these two mutually destructive demands.

The Buyers Who Never Turn Up

It is as if they believed in the existence somewhere of an army of consumers whom no one has ever seen, and who get money from no one knows where, but who will appear providentially at the right time (namely, some problematical date known as "the turn of the tide") and buy the goods that no one else can afford.

These consumers do not exist. The species Consumer is becoming extinct; the human race is developing into a race of beings who can make everything but buy nothing.

Social Credit Movement asserts that it is the first duty of a government immediately to create a nation of consumers, and that this can easily be done. In this age, when the machine is doing most of the producing, consumers can no longer be left to rely on the cost of production for their incomes.

The production of the machines will never be sold until the entire population is presented with a free money income from an entirely different source.

The source of this income already exists: it is Britain's social credit, in other words, the nation's capacity to produce goods and services. This is the real wealth of the nation, and wherever real wealth exists, a government can issue credit upon it in the form of money.

The issue of a National Dividend to every individual, sufficient to enable him to buy all he wants of the goods that are available, is a simple and practical solution.

If the gift of an independent income, which will abolish poverty and insecurity, appears fantastic, it is because people are so accustomed to the absurdities of everyday commercial life that they are not quite ready to face economic realities.
THE OTTAWA (DIS-)AGREEMENTS

Lord Herbert Scott, President of the Federation of British Industries, indicated in a recent speech at Sheffield that British industrialists are disappointed with the results of the Agreements entered into between Great Britain and the Dominions in 1932. He announced that proposals for their revision are intended.

This recalls the remark of another industrial leader when it first began to be suspected that the Agreements were "disappointing." Before the Conference he said, "all British manufacturers were Ottawarians, but having seen the Agreements in operation, they had become Ottawa-bewarians."

British manufacturers hoped that the tariff walls round each Dominion market would fall before the blast of hot air from Ottawa. But still they stand, and they will continue to stand, for the policy of economic nationalisation has come to stay. The longer British manufacturers and their Federation refuse to accept this fact the greater must become the strain on Empire relations arising from the efforts of each constituent country to dump its unsaleable surpluses on the others. Only when the people of each country can buy all they want of their own production, by means of the increase of their own internal purchasing power, will they be able to regard imports with equanimity, and not as an attack on their livelihood. Only by the adoption of Social Credit can the present deficient and competitive form of economic nationalisation be transformed into a means of increasing both the trade and the friendship between nations.

Before demanding the revision of the Ottawa Agreements, the F.B.I. would do well to demand the revision of the Bank of England Charter, for in the power of credit control which it gives to the banks lies the solution of the whole problem of finding markets for British goods.

THERE IS A SHORT CUT

Lord Halifax opening extensions to Doncaster Technical College, contrasted the achievements of science and engineering with the nation's failure to take advantage of them. He gave a clear picture of the paradox of price—how the abundant necessities of life were too dear for the millions who needed them and too cheap for those who grew or made them.

Yet this was the "solution" offered by Lord Halifax, member of the Cabinet: "There are no short cuts through industries, indicated in a recent speech at Sheffield that many of our problems and the best contribution any nation can make is to give the best possible equipment of hand, mind and spirit..." etc.

That sort of empty nonsense is an insult to the intelligent man who has happened to happen upon it. It is serious without being very serious. "No short cut" is the age-old excuse of authoritative ignorance or indifference. There is a short cut through every single problem that ever confronted mankind, and to say there is not, only means that you don't happen to know, or care, what it is.

The short cut to the solution of poverty-in-plenty is to increase purchasing power by giving the nation enough money to buy the goods it produces. The only impediment to that cut is the banks' control of the nation's credit; and the cut through that, by an Act of Parliament, is so short that politicians, accustomed to wandering in mazes, may perhaps be excused for not seeing it.

WISDOM FROM CHAMBERS OF COMMERCE

The recent autumn meeting of the Association of British Chambers of Commerce at Norwich was not quite fruitless, for Sir Arthur Samuels, M.P., at the Chambers of Commerce meeting referred to above, delivered himself of this remarkable view:

"In a world where the greatest prizes are reserved for initiative we seldom come across an economist who can teach in lucid language how to start a successful new business, and how to increase the profits of an old one. What have economists contributed to a trade recovery?"

This was hardly fair. To begin with, that is not an economist's job. His mission in life is to promulgate "economic laws" in the service of sound finance, and these laws are concerned with a higher sphere of life; they have no connection whatever with the vulgar word of buying and selling.

Again, we see still less cause for complaint when we know Sir Arthur's own views of economic laws. He said:

"When all is said and done employment and the standard of living are finally on our side, and only the prices of exports are sold at a profit employment cannot be increased except at the expense of wealth division."

No sound economist would have anything to say against the rule that in a labour-displacing age the only way to get money was by employment, and that the only way to increase trade is to export our surpluses to foreigners who can't afford it, so as to enable the financiers to lend them money to buy it with—which, "when all is said and done," is the only object of a nation's trade.

THE LABOUR PARTY AND NATIONALISATION

The Labour Party in conference last week proved, by its indifference to financial problems, that it is still the unconscious servant of the banks.

The fundamental issue of the Conference was the time-honoured irrelevancy, Nationalisation, and its debate upon the question of compensation to the owners of nationalised industries might have been carried on ten years ago. It has been repeated, the supposition and deficits on nationalised industries could be met out of increased taxation-presuming that maldistribution of income, not insufficiency of it is the real problem. They will "compensate the individual capitalist" by "levying on capital as a whole" which drew from Sir Stafford Cripps the retort that increased taxation was as much "confiscation" as the terminable annuities proposed by the Socialist League Minority.

Both sides—the Labour Party Executive and the left-wing Socialist League—accepted the assumption that in producing goods the industrialists also produce money, and that money is therefore a quantity, of which the surplus, unjustly allotted (to the "capitalist") at one point, can be transferred to another point in the social system by taxation, without reducing either production or purchasing power in the process.

Not a voice was raised to point out that the source of money is entirely separate from the sources of goods. It was assumed, the problem was to explain the "mysteries" of a world "in some mysterious way direct money into socially useful channels, without any change in the cost-accountancy of industry."

No suggestion of monetising the real value of the commodities destructive power was raised. The principles governing creation and destruction of money, and their effects on nationalised industries, were not discussed.

They believe that no more than ownership and administrative changes can be effected without "financial crisis." The myth upon which the banks' power depends has been imposed upon the Labour Party with complete success. Regarding banking as a "business" like any other, Labour will "take it over" and then use the profits to "incentivise..." so that they were commodities stowed away under a counter, shall be fairly distributed. Labour has swallowed monetary conventions whole. There will be no "financial crisis" to prevent the Labour Party taking office next time.
THE SOCIALIZATION OF CREDIT

One would think that it cannot be long before some significant step towards the solution of the economic problem will take effect in the members of the Labour Movement, despite their leaders' tenacious grip of conventional principles.

Their problem is poverty; they are aware of the nation's resources in real wealth. Sooner or later they must enquire into the rubbish that is the tangible, by which the supply of all tangibles is restricted. They must ask: "Why, unless book-keepers, ink and paper are scarce, should the mere fact that industrial plant is privately owned, prevent distribution by the 'money-industry' of sufficiently-insufficient money to enable us to buy what we need of this abundance of goods? Can the profits of private owners actually account for our lack of money, seeing that the entire income of the nation, if shared out among the "poor" would amount to but a pound or two a week?"

And if, further, they find that public enterprises are as much hindered as private ones, they must surely begin to realise that money is created and destroyed without reference to the needs of either employer or employed. And if such a point is reached, they will demand that before even the Bank of England is nationalised, let alone any industry, the sacred principles of finance, hitherto unquestioned, must be investigated, lest widespread nationalisation prove but the final and complete subservience of the State to an irresponsible monopoly.

What a gesture a Labour Party might make were they to announce that their first act of government would be the socialisation of that to which no man can make any justifiable private claim—the Nation's credit! But that would be the final and decisive step, as it is the only possible step, to true Socialism, and it is not yet understood by the Socialist Movement.

WHY BLAME THE SOCIAL SYSTEM?

Poverty of the credit-oligarchy is now a popular subject on platforms and in the press. Constant repetition of it, however, without suggestions for a solution, makes it a meaningless platitude.

Mr. C. E. M. Joad, in the Sunday Chronicle, acknowledges that science has made comfort and a competence available for all and that man is at last master of his environment. But he reduces this statement to nonsense by attributing the evil to our inability to "devise a social system that will deliver the goods."

Now, it is not the "social system" that prevents the distribution of wealth. It is the financial system, a very different thing. To confuse the two is to confuse the whole with the part, the living organism with its disease. Complaints against the whole social system are futile. By implicitly condemning the living organism with its disease, complaints against the system are meaningless.

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NORMALLY, general statements regarding the financial system are useless; its terms are not clearly understood and its definitions are warped and twisted by the jargon of the profession, to cover immediate expediency or excuse the current disaster.

Neither economics nor finance-economics should state "laws," since the problems they consider are not their own, but must be changed in accordance with the advances made by science as applied to the production of wealth.

Yet the Quantity "Law" of money is the over-riding authority in the world to-day. Under this theory money is a commodity that is, its value is assessed as all other economic commodities are assessed. "Value" means value in exchange, the worth of one commodity measured in terms of another commodity. Money is offered for sale in exchange for goods. A person sells goods (exchanges them) for money, so that he can transport the money to another place and exchange (sell) it for goods. Therefore the Quantity "Law" states that the value of money, other things being equal, varies inversely with its quantity; if an expansion occurs in the quantity of money put into circulation, its value will fall; if a contraction takes place, its value will rise.

Money, as a commodity, no longer exists. It is now represented by paper tokens, called "representative" money. This money is really a ticket-system, and is based upon the credit of the community—that is, the belief that goods can be supplied by industry to redeem the credit-money.

But the substance of the Quantity Law has been applied to the artificial ticket-system. All "representative" or ticket-money is theoretically assumed to be gold, and related to the gold reserve held by the central bank. One unit of gold creates ten units of credit-money at the direction of bankers; one unit of credit-money will normally create ten units of commercial credits. Therefore one unit of gold is the base of at least one hundred units of commercial transactions.

Calculated Destruction of Credit

But gold is the "internal gold-standard" or commodity-money to which the Quantity Law is applied, and the contraction of the reserve by one unit involves the deflation or destruction of one hundred units of commercial credits. By deliberate and calculated policy the financial system must destroy ten million pounds of credit-money when the gold reserve contracts by one million; and the expansion of credit-money involves the inflation or creation of ten million pounds of credit-money.

Further, all money is created as a bank loan, chargeable as such to the reserve of the bank, and recoverable out of prices charged for future goods. All purchasing power to meet these prices is issued from industry as wages, salaries or dividends, and included in the costs of the goods produced.

To sum up the existing facts:

1. Money, the universal medium of exchange, is subject to the Quantity "Law," applied to the standard or commodity-gold.

2. Representative money created by the banks, which is the practical ticket-system in everyday life, is related to the standard and controlled by the Quantity Law through the operation of the gold standard, by cycles of deflation and inflation.

3. The circulation of money is controlled by the Quantity Law operated by the creators of representative or credit-money.

THE ANALYSIS

Dispassionate examination of these facts exposes the serious defects that are destroying the economic structure of society.

Obviously, if there is one commodity which is used as the universal medium of exchange, it should be owned by the community as a whole. But money is now an artificial creation, a ticket-system organised with great efficiency by banking. Therefore, the Gold Standard is an instrument of monopoly, and places the whole economic system at the mercy of the banks, who are endeavouring thus to impose the Quantity Law upon their own ticket-creations. Since the Quantity Law is assumed to be above all common law or political power, the exercisers of that law exercise a private and irresponsible power over the material and secret governors of the world; and, however, sincere they may be, they are imposing a defective and destructive law of scarcity and repression upon the expanding scientific genius of mankind.

Thus the gold standard, on which our financial system is based, is an instrument of monopoly. It is a fraudulent standard, unrelated to the actual needs of an industrial community. Why, when the whole system is misused to serve a financial end, and scientific industry to-day has become a mere vehicle for the circulation of money, and not for the creation and distribution of real wealth.

Reference to the method of circulating money, stated above, shows that it is issued as part of the cost of goods produced. Therefore, it must be recovered in full, plus profit, through the medium of prices. Now this is a strict accounting principle, and under its strictest interpretation, it is impossible to recover all costs in prices. Therefore industry is attempting an impossible task.

Why Incomes Cannot Meet Prices

Money originates as a loan, is issued as part of the cost of production, is recovered in price, and the loan is repaid. But prices are also based upon the cost of production. Therefore good prices, real prices, of industry, are the financial measure of those goods; and purchasing power to redeem those prices, all flow through the channel of industry.

Purchasing power (wages, salaries and dividends) is therefore the only method of meeting prices, liquidating costs and repaying loans. But prices include items other than money issued to individuals.

Firstly, it includes payments for past production, in the form of raw materials. When a manufacturing firm pays another firm for its raw materials it completes a "sale" of the firm's production, and the selling firm, on receiving the money (cheque or ticket), again utilises that money for the repayment of previous costs, and ultimately it is destroyed as repayment of an originating loan.

Therefore, this part of price does not teach the individual as purchasing power against the price now created, because when it is again reissued a new cost is created at the same time.

Secondly, price includes reserves for future contingencies and similar items, which are purely arbitrary additions, designed to extract from the community an additional sum of money to be made available for future needs. Such money is re-invested, and if re-issued elsewhere, is accompanied by another cost. This is the inevitable and inevitable system of profit and loss, and should present no difficulty. Such an investment, based on arbitrary figures added to price and appropriated from available purchasing power, is a loan which the borrower must repay, and the borrower, therefore, must in a future production-cycle in his turn claim by prices his share of purchasing power to repay the loan, plus his own profit.

This part of price, obviously, cannot be issued from industry as part of cost, since it is in addition to actual cost. To make this clearer, regard the whole of the industrial system as one firm, and imagine that the whole community is its workers, and that its goods are sold only to those workers. (This is in fact the only permissible method of examination.)

Then, if the only purchasing power in the workers' hands has been issued by the firm itself as part of cost and included in price, it is clearly ridiculous to assume that a further arbitrary addition to price can also be recovered.

From this it is obvious that there is an absurd accounting flaw which creates a permanent and increasing deficiency of purchasing power, and that the present method of pricing is ineffectual.

The question of foreign trade will naturally arise here, and readers will also want to know how such an obviously defective system has carried on for so long. These questions will be covered in the next article.

DARAN.
Civilisation and its Economic Problems

by E. H. F. Van der Lely, President of the Dutch Society of Technocrats

We are pleased to publish Mr. Hervs Van der Lely’s article as showing the direction of progressive economic thought in Holland. We may also mention that there is an active Social Credit Group in Amsterdam — Nieuw Economische Groep: Secretariat, Prins Hendrikkade 20, Amsterdam, C.

Social welfare depends on the regulation and control of the balance between production and consumption. Without this balance bad social conditions must result. When one observes on the one hand enormous supplies of goods of every kind and a productive system able to deliver still bigger supplies in a minimum of time, and on the other hand millions of people forced into unemployment with their standards of living reduced to a minimum—we find an impossible social condition and a social strain of the first order.

It proves that our social organism does not react efficiently to economic changes and developments; that our economic system is not adaptable to the needs of men.

It does not yet seem to have penetrated to men’s minds that, thanks to the enormous developments of technical science, for the first time in history men are able to produce so much that scarcity of goods belongs to the past. Without being aware of it, we are on the threshold of the period of abundance.

The Deliberate Destruction of Wealth

Do not the facts prove this convincingly? In 1933-25½ million kilogrammes of sugar; 400,000 car-loads of corn; 144,000 car-loads of rice; 267,000 sacks of coffee; 1½ million kilogrammes of meat were artificially destroyed. And even these figures do not include the destruction of vegetables, fruits, and fish. And it is not necessary here to discuss the existing supplies of metals, sugar, corn, and oil, nor the artificial limitation of production which goes on everywhere.

One of the methods, rules and organisations which permit this state of things simply prove that they are out-of-date, the more so if we remember that thirty million unemployed and their wives and families are at present compelled to live at the lowest standard of life.

These facts justify a thorough investigation as to the reasons why our present methods do not function properly; and while these acute social problems are thrust into the background and obscured by political quarrels, it becomes the duty of the unprejudiced observer to demand that investigation.

It is characteristic of human nature to hide one’s faults and shortcomings behind beautifully sounding theories and make-believe. We talk of “over-production” and “lack of markets” as if those thirty million unemployed and their families were amply provided for.

Out-of-Date Economic Methods

Actually, we are simply hiding ourselves behind our inefficiency; we are trying to avoid facing the fact that our methods are so old-fashioned that they provide no way in which goods that have been produced can also be consumed. This army of unemployed would be only too ready to transport the abundance of goods in their locality to the harbours. But in spite of the obvious fact—that there is abundance for all—the economic situation remains chaotic. The money necessary to bring the product to the consumer is mostly lacking.

The absence of the means of distribution—money—is the reason why man and produce remain separated from each other.

This throws a sharp light upon financial methods and institutions. The economic functions of which the banking and financial system possess must be investigated. Society must judge whether their machinations can possibly lead us into the right channels. And the fact that a strict control of the banks is becoming recognised as imperative (as for instance in the U.S.A.) proves that people are already realising that “there is something rotten in the State.”

We need to expose to view another cardinal point round which the whole world-situation is finally concentrating.

To the solution of this problem the attention of all thinking minds and the energy of our rulers must be directed.

The Unsolved Problem of Payment

How should a State organise its people, and what work are they to do to make them all good consumers?

In all the countries which are making increasing use of mechanisation, there is a steadily growing number of people who cannot find work in the process of producing goods. Civilisation has now progressed so far that a small number of people can produce enough for all, with the assistance of machines. But since only those who work can earn a proper income and buy the produced goods, a continually increasing proportion of mankind cannot possibly earn a proper income, because machines make their work superfluous, and are, therefore, unable to buy that part of the goods produced for them.

In other words, mechanisation, by producing a continually increasing proportion of the world’s goods, at the same time produces a continually growing number of people who are eliminated from production and therefore from consumption. This is the great internal contradiction and tragedy by which our civilisation threatens to be destroyed.

The producer talks of over-production, but from the point of view of national welfare it should be called an enormous decrease in consumption.

If we do not very quickly adapt our economic methods to the tremendous changes in the economic system caused by the development of mechanisation, our civilisation may end in overwhelming chaos.

Only by an appeal to the social sense of responsibility and the co-operation of all thinking people, can we hope to cross the threshold of an era of new and unknown prosperity and achieve a real advance of civilisation.

Those Imports!

An important debate has just taken place in the House of Lords. It appears that the Commons, after a speech by one Buckingham, passed a resolution declaring that the importation of cattle, cured meat or provisions from Ireland was a nuisance, and ought to be prohibited. During the debate it was stated that the rents of lands in England have fallen by £200,000 a year as a result of this Irish dumping. However, the Lords then made an amendment to the resolution, but was defeated (fortunately for English agricultural interests) by sixty-three votes to forty-seven. But he persuaded the House to strike out the words “a nuisance,” and to substitute a “detriment and mischief.”

The Commons have refused to accept this amendment and are threatening to hold up votes of supply, if the Lords persist.

Latest news from inner political circles indicates that the King has advised the Lords to withdraw their opposition to the wording of the resolution. So Irish imports are a nuisance.

One hopes that this strong language will not offend De Valera. Well, I’ll be —. I am sorry, but on reading the account more closely I find the debate took place in 1666. Stupid of me, but isn’t political progress wonderful?

FRED TAIT.

“World Employment. Continued Improvement.” (Press headline.)

Have nations been scrapping their machinery, then?

India has now got a navy. “The Royal Indian Navy” is from now on the official designation of the Royal Indian Marine Service. The joy of the three hundred million Indian peasants upon learning that they have a navy, knows, we are convinced, no bounds.
IMMEDIATELY after the war, Austria made an attempt to re-establish trade and feed her starving population by subsisting food production. This departure from orthodox practice was quickly suppressed by international financial interests acting under the auspices of the League of Nations, and the affair is frequently quoted as an example of the essential conflict between orthodox financial principles and the welfare of the people.

A recent correspondent to this journal seemed to question the value of the experiment on the grounds that it was not Social Credit. Nevertheless, there are so few experimental data in the practical application of Social Credit, that the Austrian food subsidy experiment is worth examination in order to isolate it from the contamination of features which are not Social Credit. It may, indeed, be regarded as an attempt, however fumbling and ignorant, to apply the "king-pin" of Social Credit technique—namely, the Compensated Price.

The events in Austria in 1921 were recorded by Lt.-Col. Repington in "After the War: A Diary," and they are all the more striking since he understood little of what he wrote but as a trained observer of facts. The relevant quotations from this book are reproduced below.

The facts may be divided into two periods for convenience. (A). What was happening while the food subsidies were being paid. (B). What happened subsequently.

### Period A.

1. General prosperity of industry and agriculture. Tendency to mind own business (Economic Nationalism).
2. Mounting Budget deficits.
3. Glaring contradiction between State bankruptcy and private prosperity.
4. Two-thirds of the Budget deficit due to food subsidies.
5. Sixty kronen loaf sold for nine kronen. "Even a Rothschild is paid fifty-one kronen by the State for every loaf he eats." (page 145).

### Period B.

1. Food subsidies stopped.
2. League Finance Committee starts putting Austrian finances right—objective to balance the Budget.
3. Austrian people overwhelmed in wave of bankruptcies and suicides.
4. Interesting contrast between State financial recovery and private hell.

In addition it should be noted in regard to period A that for the sellers, but people with fixed incomes were very badly hit.

### How was it Done?

- **(1.)** Bank lends money to Government. This is a creation of credit, or "new money."
- **(2.)** Government gives money to bakers to reduce price of bread. This represents a gift to consumers, although at a later date the Government may hope to recover the expenditure in taxation of the public.
- **(3.)** The Government fails to recover in taxation, or to repay the banks (Budget deficit).
- **(4.)** Prices rise in unsubsidised trades. This merely means (a) the bread subsidy may be too high, (b) it is time the other trades were subsidised.
- **(5.)** The result is, in general, prosperity for individuals, and the absurdity of a bankrupt nation of prosperous people!

In short, credit was created to reduce prices and not re-paid in period A, and the effect on individuals was sufficient to suggest an extension to other businesses.

### What They Might have Done

Had they known what to do the Austrian Government would not have borrowed from the banks. They would have created the money themselves and debited it against a national capital account, the credit side of which would have shown the total value of all Austrian capital assets—factories, plant, etc. Alternately, all Austrian producers could have been instructed to write down their plant values by an amount equivalent to the subsidies.

If the latter measure had been adopted it is probable that the absurdity of a huge Government deficit when, quite obviously, the country was prospering, would have been realized, and then some form would have been devised to meet it. The opening of a national capital account in the first place would have necessitated the realization of the real basis of credit which apparently was lacking in view of what occurred in period B.

As it was, however, the League Finance Committee stopped any idea of that sort, and period B was ushered in with soft music from the Central Banks, and distressful noises off.

W. L. BARDELEY

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The following are the extracts from Lt.-Col. Repington's "Diary," referred to above:—

"Sunday, April 10, 1921. The Supreme Council, having transferred their responsibility for reorganising the finances of Austria to the League of Nations, the Financial Committee of the League will soon arrive here" (Vienna).

"Monday, April 11, 1921. I am impressed by studying the Austrian papers. They seem detached and indifferent about foreign affairs, but are full of accounts of all sorts of new or extended industries springing up, and I counted twenty-three pages of commercial advertisements in Sunday's "Neue Freie Presse." I read of or hear of every kind of old industry being extended and of some new one opened. New machinery is being employed, and on the farms price stock are being bought and farm buildings improved by the rich peasants who throw on the war. From Upper and Lower Austria, Styria, and the Tyrol, it is all the same story of new developments, and what is really going on is an endeavour to make the new Austria less dependent on foreign help. The measures have been passed, but so far the result is quite obvious, the country was prospering, would have turned down, and the League financial people seem to be coming here with a brand-new plan which Goode fancies no practical banker will look at" (pages 152-3).

"Tuesday, July 12, 1921. . . . The contradiction, which I remarked in April, between the almost bankrupt State of the Austrian State and the growth of private profits has become still more glaring after the lapse of three months, and the publication of more statistics of trade, customs, bank profits, etc. Both exports and imports have gone up, but coal accounts, in weight, for two-thirds of all imports in 1920, and food only for a large part of the rest, although at a later date the Government may hope to recover the expenditure in taxation of the public. . . . However, the horrible fact remains, and is confirmed by the budget for the second half of 1921, that the revenue is 24.1 milliards of Austrian crowns and the expenditure 49.5 milliards, or a deficit of 25.4 milliards. Only a third of the expenditure was met by Budget deficits. The other two-thirds of the expenditure were very badly hit.

"I find that two-thirds of the Austrian debt is due to food subsidies, chiefly bread. A loaf of 1,260 grammes is now sold for nine kronen, but costs sixty kronen to the State. Even a Rothschild is paid, therefore, fifty-one kronen by the State for every loaf he eats" (page 145).

"Goode showed me the last figures of Austrian expenditure on the bread subsidies. They are, monthly, 2,762,000,000 kronen for food generally, including 2,300,000,000 kronen for cereals. This is really what is causing Austria's trouble; it is still true that Austria cannot exist without external assistance, but that if she were tied over the next five years and internal reconstruction effected she might become self-supporting. A foreign loan of sixty million sterling, the control of Austrian public finance, the foundation of a privileged bank of issue, and the funding of the services of the Austrian foreign debt are among Goode's proposals on the financial side; but it has all been turned down, and the League financial people seem to be coming here with a brand-new plan which Goode fancies no practical banker will look at" (pages 294-6).
reflection drawn out to a fantastic length and presented into a few inches in a few lines.

Imagine that while we were standing in front of one, somebody said, “This will never do; you do not correspond with your reflection. We must put you on the rack until you do.”

He then proceeds to do so, and having inflicted dreadful suffering on us, finds we are still as unlike the reflection as before, and starts the torture all over again.

Now, anyone ordering such a monstrous and futile procedure would be regarded as a criminal lunatic. It is evident to any sane person that the reflection must be made to correspond to the reality, not vice versa.

Yet this fantastic procedure is exactly what the present financial system is doing to-day. It is engaged in a ridiculous attempt to cut down production, distribution and consumption of wealth to fit the inadequate supply of money provided by our out-of-date and badly adjusted money system.

Money: Master or Servant?

Money is regarded as the one fundamental reality to which everything else must conform. In every aspect of life the ruling factor is finance. While the people lack the goods of which they have a desire, they can think of nothing better to suggest than the universal sabotage of production, all-round reduction of incomes, and frenzied economy—“for financial reasons!”

It should be a matter of mere common sense that a financial system exists for one purpose only—regard the physical facts in terms of book-keeping figures. It should have no other function. If the figures gave a true reflection, production and consumption would be limited only by the ability to produce and the desire to consume.

That this is not allowed is entirely due to the fact that our financial system is nothing but a false system of book-keeping. Yet any proposal to amend this system is treated with the currency “for fear of upsetting the balance of the financial system is doing to-day.

It is a vital fallacy to treat new money thus created by the banks as a loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity; and bringing it face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

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

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

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

Many people are proud of the fact that they have been faithful to one set of opinions for a long time and regard the man who changes his view as being inconsistent and unstable. Fidelity to one set of opinions is to them a matter of pride.

Just as this is true of individuals it is also in great measure true of society as a whole. Nothing is more pathetic than to see nations attempting to cure distress and poverty by the application of obsolete and outworn ideas. As an example of what I mean, take the problem of unemployment and note the efforts made to remedy this very serious problem.

All nations are concerned with this trouble and emulate one another in their remedial measures. Without passing any opinion on those measures, it may be observed that as the burden of production has been taken off the backs of men and transferred to the machine, it is rather a misfortune to call the problem one of "unemployment." We could not, by any exercise of ingenuity, solve a problem which no justification is left in the conditions of Abundance where the man who changes his view as being inconsistent and unstable.

As an example of what I mean, take the problem of unemployment and note the efforts made to remedy this very serious problem. The fashionable cure has been and still is continuation of the social order as it is. Social order means the rule of the machine --the machine to produce, transfer, hide, accumulate--and thus we find that fidelity to opinions which, however effective and useful in the past, is now a definite stumbling block to even an appreciation of the problem to be solved.

The cultural inheritance of the race, by which we mean the right of everyone to share in the legacy of science and invention, entitles all to a share of the national wealth. Whether he or she is a worker or not. We must cast aside our obsolete financial and economic frame of reference and adopt one in harmony with present day facts.

Social Credit is the way into life, for it unites the in-destructible craving of men for happiness, with the social well-being in which happiness may be achieved. Choice: of occupation, of action, of place, of rest; these are the recurrent spheres of choice for which we crave. We need not go back. The freedom and wholeness associated with the conditions of craftsmanship in former times, and its pursuit from apprenticeship to mastery, is a prototype, not a picture of man's only path. We shall not return to any estate of the past, for we shall build upon the achievements of the new estate. Only the creations of our new estate will be novel: the works of happiness cannot be anticipated.

Social Credit is wise. It limits the sphere of government to the removal of false restraints. The function allotted to public authority is provision of the standing ground of action--an inalienable livelihood--it does not extend to dictation of what men shall do.

The will to power is ineradicable, but its expression as tyranny will be superseded by its expression as self-fulfilment. And self-fulfilment is happiness.

DON'T DOUBT AT ALL, BUT JUST RECALL-

"Cherchez le Banquier."

"Cherchez le Banquier."
Social Credit Secretariat

ELECTION OF EXECUTIVE

1. RESIGNATION OF EXISTING COUNCIL
The election of the Council of Representatives will automatically terminate the term of office of the previous Board, who will, however, continue in office until the new Board is ready to take over their duties.

2. EXTENSION OF DATES
In view of representations from a number of Groups on the short time allowed for the election and return of members of the Council of Representatives it has been decided to extend the time for one week. Returns will therefore be accepted until the last post on October 15, on which date nomination papers will be sent out, together with a list of all members elected on that date. Members of the Council returned after October 15 will not be excluded from voting, or from making nominations, but their names will not be included in the list of members eligible for election to the Selection Committee. It has further been requested that the time allotted for making nominations should be extended to two weeks, in order to permit members of the Council to confirm that their intended nominees are willing to sit on the Selection Committee. Nomination papers will therefore be returnable on October 29, and cannot be accepted after that date. The above cancels the dates announced in SOCIAL CREDIT on October 5.

3. NOMINATION PAPERS
Nomination papers will be issued to members of the Council separately; one for nominating a candidate for Chairmanship of the Executive Committee, and one for nominating candidates for the Selection Committee. The Selection Committee must consist of members of the Council of Representatives.

4. VOTING AND SELECTION
Members of the Council will vote by post. Members of the Selection Committee will be required to attend at a place designated by the Chairman of the Executive Board. Endorsement of the Executive Board by a member of the Council; and one for nominating members of the Council will be carried out by post.

5. AFFILIATED GROUPS
A supplementary list of affiliated Groups, whose affiliation was confirmed after September 21, 1934 is appended.

Bloomsbury Social Credit Study Group; Hon. Sec., Miss M. Culpin, 2, Gordon Square, W.C.I.

Bournemouth Douglas Social Credit Group: Hon. Sec., Miss Sylvia Griveson, 24, Surrey Road, Bournemouth.


Clydebank Douglas Social Credit Study Circle: Hon. Sec. Miss H. Monaghan, 6, West Thomson Street, Clydebank.

Cramlington Douglas Social Credit Group: Hon. Sec., W. H. Tetley, Esq., 29, Station Road, Cramlington, Northumberland.

Farnham (Surrey) Douglas Social Credit Group: Hon Sec., Mrs. A. E. Powell, "Pennystones," Tilford Road, Farnham, Surrey.


Glasgow Douglas Social Credit Association: Hon. Sec., H. C. Munro, Esq., 6, Green Lodge Terrace, Glasgow, S.E.


Hebburn-on-Tyne Douglas Social Credit Group: Hon. Sec. Miss M. Ditchburn, 28, Mous Avenue, Hebburn-on-Tyne.


Preston Social Credit Association: Hon. Sec., Raymond Arthur, Esq., 10, Malvern Road, Preston.

Smethwick Douglas Social Credit Association: Hon. Sec., Miss J. E. Griffin, 45, Vicarage Road, Smethwick, Staffs.


NOTICES OF DOUGLAS SOCIAL CREDIT MEETINGS

Notices of Social Credit Meetings will be accepted for this column. Six lines 15, seven to twelve lines 25.

Birmingham Douglas Social Credit Group


Castle Bromwich Douglas Social Credit Group

Oct. 18th.—Do You Want Poverty? Speaker, S. P. Abrams, Esq.

Erdington (B'ham) Douglas Social Credit Group

Oct. 19th, 7.45 p.m., at Wesley Hall, Station Road.—Social Credit Foundations. Speaker, W. T. Symons, Esq.

The London Social Credit Club

Blewcoor Room, Caxton Street, S.W.

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

Oct. 19th, 7.45 p.m.—Is Roosevelt Right? By Dr. McNair Wilson.

Oct. 26th, 7.45 p.m.—National Planning. By Mr. Brenton, of the New Age.

Visitors are welcome. A short explanation of Social Credit is given at the beginning of every meeting. Hon. Sec. Dr. Mitchell, 2, Bromley Common, Kent.

North-East Area Douglas Social Credit Group

Nov. 3rd, 7.15 for 7.30 p.m.—Annual Dinner at the County Hotel, Neville St., Newcastle. Guest of the evening: A. L. Gibson, Esq., of Sheffield. Tickets 3s. 6d. Dress optional.

Preston Social Credit Association

Public lectures at Dixon's Café, Fishergate at 7.40 p.m. Oct. 16th.—The Key to Prosperity. Speaker, Raymond Arthur, Esq.

Nov. 2nd.—The National Dividend. Speaker, C. Marshall Hattersley, Esq., M.A., LL.B.

Week-end School consisting of three classes:

Nov. 3rd, at 9 a.m. and 10.30 a.m.—Conducted by C. Marshall Hattersley, Esq., M.A., LL.B. Tickets 2s. 6d., from the Hon Sec., Raymond Arthur, 10, Malvern Road, Preston.
Correspondence

Japanese Labour Conditions

To THE EDITOR OF SOCIAL CREDIT.

Sir,—It is the habit of many people, Social Creditors as well as others, to refer to Japanese factory workers as "slaves." Doubtless they are slaves, just like factory workers all over the world, indeed like all workers for wages which are insufficient to assure them economic freedom or anything approaching it. In essence this economic slavery is the same as bond slavery or any other kind of slavery, any difference being of degree only.

Now here is where I think one may be misled: it is, from available evidence, almost impossible to say whether Japanese factory workers—many of whom, as "Darun" says, "are paid at least partly in kind"—are more closely-confined slaves than the factory workers in Western countries. There is probably very little in it one way or the other.

The point about Japanese industrial competition which, I think, "Darun" has missed, is that most of the competitive industries of Japan, being new, are highly mechanised, and the proportion of labour charges to total costs is very low. It is said to be as little as one per cent. in certain industries, probably such as artificial silk which, as is generally known, are so highly mechanised that one person can manage an almost incredible number of machines.

That being so, and bearing in mind that the Japanese are very well conversant with Douglas's works, the most probable explanation of Japan's success in capturing foreign markets is that some form of masked subsidy on exports is in operation, and is not being recovered from taxation.

I apologise for taking up so much of your valuable space, but the subject is important. May I suggest you should elaborate it in a future issue?

Yours faithfully,


(The position of Japan in the world economic situation is a matter of growing interest, in so far as it tends to reduce the fallacies of Western economic "experts" to their logical absurdity and is causing their economic weapons to return upon them with increasing force. We shall shortly publish an analysis on the Japanese situation.—Editor SOCIAL CREDIT.)

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5, BALDWIN'S GARDENS,
LONDON, ———— E.C.1
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TURING to the situation at home, says Sir Hilton Young, the nation as a whole is now experiencing the benefits of the sound finance introduced by the National Government.

Many people omit to join in the general cheering because they do not regard themselves as personally involved in the benefits. This seems to me a somewhat narrow and unpatriotic standpoint. If a man cannot see that although he himself may be in process of going down the sink he is all right so long as the nation as a whole is benefiting, he lacks something, probably imagination.

Nevertheless the number of people whose narrow egotism has rendered them blind to benefits as a whole is sufficiently great for the question to be raised: Who is the nation?

We shall be assisted in our general approach to this problem, as well as our enjoyment of benefits we do not happen to have seen, if we recall the profound observation of Euclid who discovered that the whole is greater than the part. It is said that before he made this great discovery the people of Greece used to give a shillingworth of change for sixpence, the silly fools. But never mind that.

The whole, we were saying, is greater than its part. If the people who happen to have missed the fortune as a whole would sink their petty personal interests, and the petty interests of wife, child and canary, in the wider interests of the nation as a whole, they would see the comforting truth of this observation, even if they cannot see their Sunday dinner.

This brings us to the question of the relation between the nation and the individual. It has frequently been necessary during the past few years, for the component parts of the nation to part with slices of its income in order to increase the prosperity of the nation. Every year or so, people with money in War Loan, for instance, drop a few per cent. from their incomes only to realise that as a whole they are better off. This again has raised the question: Who is the nation? Many people presume that the nation consists of everybody except the people whose incomes have been "converted," whose profits are down, whose wages have been cut, whose dole has lapsed or who have just had the sack.

Again, some people, with a taste for metaphysics, assert that it is possible for a man actually to lead, in a purely economic sense, a double life: one as Mr. Whatisi, with a job to lose, and the other as part of a nation. They say the two are identical as regards latch-key, size of collar and taste in food and film-stars, but that on the economic plane they are independent of and often diametrically opposed to each other.

I do not wish to go into this metaphysical aspect of the matter as it would involve the discussion of obtrusive metaphysical and psychological problems which most of you are, judging from a cursory glance, not sufficiently intelligent to understand.

Personally, I do not hold this view. I do not think it would be safe to allow a man to live on two different economic planes at once.

For instance, having had his wages cut or his war loan converted in order to increase the nation's prosperity, he might decide to stop being Mr. Thingummy and become part of the nation as a whole, with an increase in prosperity, in which case he would want his share of the nation-as-a-whole's increase, and start sending his unpaid bills to the Treasury.

This would not matter if one man did it here and there. You could call a cop and forget it. But we don't want half the nation mistaking their own identity like that. We are already approaching a stage in the nation's economic development in which, by means of sound economic principles, it will be possible for the nation as a whole to enjoy the benefits of sound finance while half the population are still unable to pay the rent. And if all these people suddenly demanded their share of the prosperity an awkward situation might arise. Finding that the nation-as-a-half somehow seemed to miss the prosperity of the nation-as-a-whole, they might start smelling round to try and discover what and where the nation's wealth really is.

And with a crowd that size sooner or later someone would be bound to stub his toe against a bit of idle machinery and fall over a million tons of unsaleable surplus of goods. And as there is an agitator in every crowd, we should have them demanding that the nation's wealth be distributed, and bang would go all chances of a balanced budget.

My own view as to the identity of the nation-as-a-whole is that it does not refer to the mass of the people at all. I derive my opinion from observations that are made at regular intervals in the press, and at dinner parties. We gather from these that in all the turmoil and stress that besets the nation there is always something or some-