

# THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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## LETTER TO HERR HITLER

Publication of the following letter, addressed to the Fuehrer and despatched through a trustworthy channel, is authorised by Major Douglas.

May, 1939.

Herr Fuehrer,

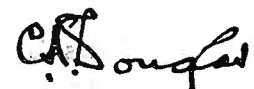
As an introduction to the attached memorandum,\* I would request permission to bring to the notice of your eminent self the following observations:—

- (a) While it is claimed, and is no doubt sincerely believed, that there is some conflict of ideologies between the 'democratic' group of Powers and the Totalitarian group, there is, in fact, no such conflict—all of them proceed equally from the fundamental assumption, which is no doubt believed to be indisputable, that full employment of their populations is the test of success. Their differences are of method only.
- (b) If this claim rests on a 'moral' basis, then it must be observed that it raises up practical problems which appear to be only soluble by recourse to a war of mutual destruction certain to result in anarchy and final subjection to a Transatlantic survivor.
- (c) If, however, it is claimed that full employment is a practical requirement of an advancing civilisation, it can easily be shown that the contrary is the case. While it is recognised that the present production of armaments in every country has been forced by the general assumption that unemployment is equivalent to economic destruction, it must yet be obvious that the full employment which armaments provide is both temporary and at the same time perhaps the ultimate example of waste and inefficiency.
- (d) This employment policy, which is here challenged, is now recognised to be inseparable from the Jewish Financial System.
- (e) A simple change in this system would make full employment unnecessary, eliminate the competition for markets and destroy the power of the international Financier—a power which war only increases and which, if not destroyed, will destroy civilisation in Europe.

May I earnestly request that the present crisis may, in the key position in the history of the world, which you hold, be used to force an exposure of this false and destructive policy?

It is indisputable that, if this were to be made the major issue of any such conference as has been proposed, not only Germany but the whole civilised world would be united in support of the action taken by you. Not President Roosevelt, but yourself, would be recognised as the representative of all those values which are cherished equally in the so-called democracies and their artificially created antagonists.

Yours truly,



\* The memorandum here referred to was a copy of the 'Warning Europe' memorandum already published.

## LETTERS: To the Editor of The Social Crediter

**The Labour Party and  
International Finance**

Sir,

If any further evidence were necessary to prove that, whether consciously or not, the official Labour Party is the tool of international finance, Mr. Attlee, in his Broadcast Address on the Budget, has kindly supplied it.

His contention is that, instead of "borrowing", "a levy on accumulated wealth" should be substituted. "If the levy were raised by the handing over of securities which could then be sold, the amount to be borrowed for armaments this year could be obtained without increasing the National Debt." (Quotations from *Times* report).

Mr. Attlee must be aware (if he is not, he has no excuse for comment on any financial issue) that "Banks create the means of payment out of nothing" (*Encyclopaedia Britannica*).

If securities were seized from the public and sold, who is going to buy them—the public, which has been taxed to the limit of its purchasing power, or the Banks and Insurance Companies, who "create the means of payment out of nothing"?

In its attacks on what it calls the capitalist system, the Labour Party has been the persistent advocate of any policy which would enslave the general population to an omnipotent bureaucracy with in international ring of credit-mongers in the background.

If this were not so, Mr. Attlee would advocate the distribution to the general population (including his constituents) of National Debt Bonds representing the sums borrowed to balance the Budget and carrying interest at 2½% (the Banks will, of course, "create" the money and get 3½% for it).

But he knows quite well that his Banker friends would soon find a new Leader of the Labour Party if he did.

Yours faithfully,

C. H. DOUGLAS.

**Milk and the Cow's Health**

Sir,

Under the heading "Plus" in *The Social Crediter* dated 8th April, 1939, attention is drawn to the remarkable output of milk of a short-horn cow. But is it really "Plus"?

Readers of *The Social Crediter* who have farmer friends should draw their attention to the result of undue concentration upon production which is being forced upon farmers by a defective monetary system, to the detriment of animal health. By thinking of animals in terms of production we are openly defying the laws of Nature. In the endeavour to obtain higher milk yields we concentrate upon the characteristic of a cow as a milker at the expense of those characteristics which give a cow the stamina to resist the terrific strain imposed upon the animal.

This is one of the primary causes, probably the primary cause of Tuberculosis in cattle, and for which a defective monetary system is directly responsible.

J. CREAGH SCOTT.

Langhill, Moretonhampstead, Devon.  
April, 1939.

**The Present Move**

Dear Sir,

The importance of the last paragraph of the editorial in the issue dated April 22nd, cannot escape any of us, but many of us feel terribly in the dark.

What action is possible for our small and scattered band to take against the forces capable of controlling the automata referred to in Major Douglas's article.

(On Budget Day a party of Social Crediters drove a motor car through the streets of London. On the car was an effigy of Mr. Montagu Norman topstriding a private soldier burdened with debt; the car bore the slogan "Conscript the bankers first.")

It stood unmolested outside Downing Street, where it attracted considerable interest, and was finally driven to the City of London where the effigy and inscriptions

were torn to pieces by (of all people) the bank clerks.

Against this fatal automatism what can we do at this precise moment?

Yours faithfully,

D. RICHARDSON.

Haywards Heath, Sussex.  
April, 1939.

[The actions we can take are outlined in the articles "Warning Europe" in *The Social Crediter* of April 29th and "The Councillors' Grave Responsibility in Regard to the Causes of War" in this issue.]

**More Institutionalism**

Dear Sir,

The royal initials G. R. VI., have recently been replaced by G. P. O., on the two, three and five shilling stamp books. This surreptitious change from a traditional individual to a slave-driving institution has fine educational value. We can already understand what serving Mr. W. means, but we have to be induced to take a step farther and learn that citizenship requires us to entrust ourselves to an anonymous Tax Marketing Board.

Yours etc.,

HENRY SWABEY.

Hastings, Sussex; April, 1939.

If Man makes himself a worm he must not complain when he is trodden on.

— Kant.

**ON OTHER PAGES****THE BUDGET****Mrs. PALMER'S PAGE****MEANS TO GO ON****THE NEW GERMAN  
FINANCE PLAN****COUNCILLORS'  
RESPONSIBILITY IN  
REGARD TO THE  
CAUSES OF WAR****REACTION INSTEAD  
OF ACTION**

# THE BUDGET

*More tax on cigarettes, more on sugar, a huge increase in the horse power tax of cars—that is roughly its effect on us; and yet no business firm would dare to produce a statement like the Budget.*

By D. T. D.

Once again we have been treated to the annual cacophony that heralds the Budget. For at least a fortnight before the date fixed for its presentation, pictures appear in the papers of the Chancellor of the Exchequer "preparing the Budget", of his briefcase, etc. Articles appear speculating on what "our national income" is to be and giving generally ill-informed forecasts of what fresh impositions and inquisitions will be imposed on us.

Just as the German's weakness of liking to strut about in uniform is being exploited to the full; so the Englishman's weakness of liking to watch a race and back the winner is played up to. For weeks before the end of the fiscal year we are expected to watch breathlessly whether there will be a deficit or not. Will Surplus or Deficit win the Annual Tax Stakes? The man in the street rarely seems to realise that this all depends on how much is included in Expenditure. If all of it goes in, there is a deficit and if the Bank of England shuts one eye and allows sufficient outlay to be treated as capital, i.e., paid for out of loans, there is a surplus. It's a bigger swindle than all-in wrestling.

All this elaboration and beating of drums is for the purpose of distracting the public's attention and of giving undue prominence to what is merely a national petty cash account. If a genuine income and expenditure account of the nation was drawn up, the bank's trickery would be instantly exposed. Therefore something else must be substituted to hold the public eye.

The Budget which was introduced into Parliament on April 25th, was aptly described as another turn of the screw. It is as well for us to remember that you and I are the fruit which is being squeezed. Although a wasteful method of financing genuine and

legitimate expenditure such as social services and essential defence, an examination of the figures shows that a great deal of the outlay is entirely unnecessary and merely tends to act as a deflationary measure, as a means for reducing our purchasing power. With its usual thoroughness *The Economist* of April 15th gives an excellent analysis of the figures without going into unnecessary detail. The Revenue, which means the sum that are extricated from us consist in the main in direct and indirect taxation. Indirect taxation is represented by Customs and Excise receipts, being duties on imports and products which are directly added to the price we have to pay for them. Direct taxation is represented in the main by Income Tax which is levied by direct assessment on the individual. For 1938/39 the indirect Customs and Excise duties totalled £340 million. The direct taxation including Stamp Duty, Estate Duty and Motor vehicle duties totalled £555 million. There are about £100 million other receipts being non-tax Revenue and Revenue from Post Office bringing the total levied on the people in one year to over £1000 million. Indirect taxes are borne in the main by the poorer classes of the people and the direct taxes by the wealthier individuals although a large part of the direct taxes are handed on in price.

In view of the political situation it is interesting to note that among the non-tax receipts, there are £2 million approximately from each of the holdings in the Suez Canal and the Anglo Iranian Company.

It is when examining the expenditure that the nature of the Budget is evident. The total expenditure has risen from an annual outlay of approximately £66 million in the 1860's to about

£150 million in the early years of this century and to £1,322 million for the coming year. The expenditure on Civil Government which, of course, includes the Revenue Departments and some A.R.P. outlay comes to £450 million approximately. The greater part of this represents Social Services. Of the remaining outlay, Military, Naval and Air expenditure accounts for £219 million and the National Debt services £246 million. The latter outlay cannot be defended on any grounds whatsoever as it represents interests and repayment of capital on the lending to the nation of the nation's own credit. The military outlay has increased enormously during the last few years. This also can be disputed as being a necessary outlay. In present circumstances re-armament is necessary but those circumstances have been brought about partly by the political policy pursued by the Governments preceding the present one and entirely by the economic and financial policy pursued by all Governments in this country so far. The political tension is due solely to the difficulties automatically arising from a faulty financial policy. It will therefore be seen that the general taxation of the people could almost immediately be reduced by a considerable amount, even assuming that this method of financing the small out-of-pocket expenses of the nation is correct.

Any Chancellor of the Exchequer worthy of the name would bring out a Budget which would show not the petty cash outlay of the State but be a proper account showing the financial benefits accruing to the people of the United Kingdom owing to their association as a nation. The Budget, instead of being another turn of the screw, should be another distribution of still further bounty, the bounty of nature and of man's achievement.

**Mrs. Palmer says**

## FAITES VOS JEUX

Speaking of the possibility of war in his address at Westminster, in 1936, Douglas said:

"I am confident of this, that what survives of the world after the next war, will reach a state either in which there will be no monetary system at all, or one that has been radically reformed in our favour.

"That is the highest note of hope I can end upon. We have done our best in the past twenty years to warn the world, not only of what was coming, but how the mechanism works that makes it come. I do not believe that that will be lost whatever happens . . . And it is EVEN NOW action that is our only hope."

As far as it is possible for me to judge the feeling of the movement, I believe that the first reaction to the realisation of the full meaning of the terrible position in which we are to-day was one of discouragement, perhaps almost bordering on despair. It was brought right home to us by Bertrand Russell's speech at Cleveland, Ohio. However frequently we had told ourselves in the past that we might some time be at war, we had thrust the possibility into the background, and had come to believe that perhaps things would "come right" after all. Now here is the reality almost upon us. Everything that happens, every phrase we read in the papers only tends to confirm the truth of his prediction. It is upon us.

Speaking for myself, I believe this feeling of discouragement and despair is a necessary stage through which we must pass. We have got to get down to bedrock and visualise every possibility, without those rose-coloured spectacles that nearly all of us wear at times. (They are a necessity too, but only for the right occasions).

I know one splendid person who calls this process "facing facts", and I think perhaps that is the best term.

By the time this article is in print, most of us (including myself)

will have formed a pretty clear idea of the alternatives that lie before us.

(1) There may be a war of unimaginable ferocity, after which, let there be no mistake about this, very few of us will survive, and those of us who do can expect little personal happiness.

(2) Or, by means of untiring efforts, *which must come from this movement*, war may be avoided. We shall find that we are not in a cul-de-sac from which the only exit is backwards, but that there is a way through, by which in time we shall be able to combine all that is best in mediaevalism (the spirit that built Gothic cathedrals) with a command over our own environment. Douglas calls this the Altra-Modernist solution.

Every one who reads this page is faced with a certain choice. It is impossible, of course, for me or any one else to make any exact prediction as to what the result of the next few months will be. But I do say this, that each one of us is responsible now, at this very moment, for giving his support to one side or the other. If we sit down idly and abandon ourselves to despair we are simply helping those people who want war. And there are people behind the scenes who want war. There is no doubt about that.

"The Political Bureau is definitely convinced that a new world war is inevitable, and explains this as the obvious preparation for a world revolution." (*Resolution passed in 1935 by the Political Bureau of the Communist International, after being addressed by Stalin*).

Ask yourselves what social credit means to you. If you "joined" it just because it was usual to join interesting movements, and it means no more to you than that, write to headquarters and resign your membership. It will save those who have given their whole lives to the cause the sickening disappointment of sending out circulars which receive no attention from you. We want to know just where we stand, exactly on whom we can rely, and then we shall know what we can undertake to do. One of the things that we simply can't afford to do is to waste time. We have hardly any time to work in. The situation is tremendous in its importance.

But if you have decided that social credit means something very dear to you, that it interprets and illumines life, that you would not for the world go back to the days when you had no key to the cruel riddle of existence, then you have no alternative but to accept every ounce of responsibility that this places upon you. And it is something very concrete and realistic, as are all things in this movement.

We need workers, workers, and yet more workers.

And we need money for literature, and for other needs, so that we can arm our workers with as many leaflets as they can use, and pay the other expenses that will arise as soon as they start on the practical work which the U.R.A.A., is organising.

I don't *plead* for you to give as much as you can afford. I put it to you first as a responsibility and then as a privilege that you are given this opportunity of fighting on the right side. I might, of course, say that you are doing it to help yourselves; that in the case of

### To Meet You

Mrs. Palmer will be glad to welcome friends on Wednesday afternoons from 3—5 p.m., and at other times by appointment at

**4, Mecklenburgh Street,  
London, W.C.1.**  
(first floor bell)

Seven minutes from Russell Square Station, five minutes from King's Cross.

It is hoped that visitors to London will make a point of calling at that time. Tea and biscuits 3d.

war it is quite likely, more than likely, that the bulk of our savings, insurances and investments (if any) will disappear, so we might as well use our money to good purpose while we have any to use, and incidentally use it to our own advantage. But somehow I don't feel that aspect of the matter will appeal to you very deeply.

Instead I ask you to think of the people at headquarters who have been working at this great task for a life time—who know as much about what can be done as it is possible to know, and who see opportunities that they might be able to seize pass away, simply because they haven't the funds to follow them up.

I said the impetus to stop war must come from this movement. That to my mind is beyond question. It has been the task laid upon us for the last ten years. I think it is still true to say that, taking it all round, the progress made by this movement has been greater than that achieved by any other group of people in so short a time, with so many odds ranged against them. This, to my mind, is because we have worked on the only correct principle, loyalty to one another, loyalty to the end in view, and personal responsibility towards the desired result.

You will find that those who have left us have gone because they failed on one or all of these three counts.

Well, those of us who understand these things have simply got to keep on keeping on. Supposing, as I feel sure we shall, we do put the every ounce of our strength into this last effort, and then suppose we fail to stop the war. The failure will not be nearly so complete as if we had never made the attempt. During these coming days of concentrated effort we shall spread knowledge about the real cause of war to thousands of people, and this knowledge will be carried over into the life that will come after we have gone. It is impossible that the truth shall not win in the end.

"I do not believe that that work will be lost whatever happens . . . And it is EVEN NOW action that is our only  
(continued at the foot of the next column)

POEM

Reply to Krishnamurti.

I think  
That I have always been  
In love with life.  
For life has been  
My mother,  
And my mistress,  
And Life's hand  
Will close my eyes in death  
And open them  
Upon the further side,  
Upon that other scene;  
And there,  
Having Life's hand in mine,  
I shall look back,  
And forward,  
Still in love  
With Life,  
Still wrapped  
In her embrace.  
So, come what may,  
I am content,  
Even tho' Life may prove  
The hardest task-mistress,  
The veriest jade,  
The most exacting lover.  
I am hers  
Completely,  
And my joy in her  
Increases  
With the years.  
To be in love with Life!  
No words can tell  
The measure of that love  
(The ecstasy, its height,  
The deeps of peace),  
Wherein is found  
Fulfilment of the soul's first  
wish—

To be at one  
With Life. B. W. KITCHING.

(continued from column 1)  
hope."

Now you have finished reading this there are two people for you to write to—first the Treasurer at 12, Lord Street, Liverpool, to send him an increased contribution; and second, the Secretary of the U.R.A.A., who needs both work and money; but that you won't fail us I feel certain.

I make no apologies for the quotations from Douglas that run all through this article; in fact I'll end with another:

"The game is with you. I can do nothing but lay the issues before you. Gentlemen, play your game."

B. M. PALMER.

U.S. MONEY MEASURES  
IN WAR

Measures to prevent a money panic in the United States on the outbreak of war in Europe were discussed recently.

President Roosevelt, Mr. Morgenthau, Secretary of the Treasury, and others took part in the talks.

The British and French holdings in the United States are probably between £400 million and £800 million. These figures do not include gold holdings, which, it has recently been calculated, show net British and French resources in the United States of between £1,900 million and £2,400 million—"enough," a leading Washington economist thinks "to enable Britain and France to pay cash for war purchases here over a period of two years."

One principal measure understood to have been discussed at the White House, was a plan whereby either the Government or a limited liability company formed by banks, insurance companies and investment trusts and backed by the Government, would buy up foreign-owned stocks and arrange for their orderly disposal.

RECIPE

Soft Dark Gingerbread

- 1 lb. flour.
- 5 ozs. sugar.
- 3 teaspoonfuls ground ginger.
- 1 teaspoonful baking powder.
- 1 cupful stoned dates.
- 1 cupful chopped nuts.

Mix together the above dry ingredients and add them to—

- 4 eggs, well whisked.
- 4 ozs. creamed butter.
- 1 small cupful milk.
- 2 cupfuls Fowler's treacle.

Bake in a moderate oven from 50 minutes to an hour. If necessary, place a piece of thin paper over after 50 minutes, and bake in cooling oven, till thoroughly dry. An hour and a quarter should be the maximum time for baking.

From Miss B. W. Kitching, South Africa.

## THE SOCIAL CREDITER

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12, Lord Street,  
Liverpool, 2.

## INTO THE OPEN

Scarcely a day passes without the cleavage between the real forces in society becoming plainer. Herr Hitler speaks for 'his' people; Mr. Roosevelt for 'his' idealisms (which are Wall Street's); the 'British' press speaks for its masters; on every hand one hears the people learning to speak for themselves.

On all hands one hears surprise expressed that 'they're taking it so quietly.' Privately, one knows that youth is in consternation; but 'what can we do?' Herr Hitler's speech, said in Germany to have been the greatest of his career, has made a difference. The 'inch' of access, reported to be Mr. Roosevelt's estimate of the room it offers for peace, may yet be the inch of the thin end of the wedge. The Fuehrer castigated the American President. No American President has ever been so handled by the spokesman of a great nation; but Herr Hitler named the forces that are making for world war. The argument comes out into the open, and, once there, there is no one can guide it more swiftly and certainly to the full revelation of the truth as it is applicable to the life of modern states and peoples than what is called the Social Credit Movement.

But at this point in a crisis which is without question the greatest with which man in society has ever been confronted there is at least one domestic observation to be made.

It is not right that this vast undertaking should have to be conducted on an income which, regarded as the means of financing the life of a single individual, would be no more than a modest competency. That is what is being done at present. The expenditure of thought and energy necessary to meet the opposition to the attain-

ment of a workable order of society successfully is, briefly but comprehensively, all that can be made available. To spend any of it upon cutting and contriving is to waste what is already perilously short in supply. Battles are not won by either the expectancy or the applause of bystanders however encouraging both may be in the opinion of those who are not doing the fighting. Estimated in financial terms, the real wealth of creative effort contributed by a few members of the 'movement' is many times over the total financial contribution from themselves and from all the rest.

This is not due exclusively to the inability of individuals to monetise themselves. It is due in part at least to the traditional elevation of money into a position of priority, to veneration of the shadow and neglect of the substance. The weight of social credit goes to adjust this false perspective; yet it is of little avail if in doing so it carries the minds of individuals into an economy most ardently desired but as yet unborn. A sufficiency of money is necessary, and if it is not forthcoming a dangerous curtailment of our activities may be forced upon us. The responsibility for squandering the slender resources open to the movement in futile and mischievous escapades can be allocated by anyone whose eye is upon events; but assignment of responsibility does nothing to avert or to repair. Miracles have been performed under Douglas's inspired guidance; but if the final victory of mankind over tyranny is left to miracle to accomplish, victory will itself be worthless and insipid even if it should occur. Practical opinion is that it won't.

T. J.

## Bankers in Santiago

The land of Santiago is in the hands of half a dozen big proprietors, and they in their turn are in the hands of the Bank. I never heard a good word for the Bank, which has a monopoly in the Islands and has practically given up performing any of the functions of a bank at all, simply confining itself to managing the properties which fell into its hands during the slump. It does not even discount drafts, and it makes no transferences of currency, so that the Capverdian merchants cannot pay their creditors in Europe, can get no supplies, and have to close down.

—From "Black and White make Brown" (pp. 125-126) by Archibald Lyall.

## Crisis

The Budget contains the Treasury's usual annual assurance to the Bankers that their dear, dear (very dear) Chancellor will never love anyone else.

The people make the goods and the Bankers use them to further their policy. The people pay for as many of the goods they don't get as their money permits, and owe the Bankers for the rest, paying annually while the Bankers use them up and then all over again, to pay off the money the Bankers created out of nothing.

Ith'n't finance wonderful?

\* \* \* \*

The Leader of the Society-for-Pulling-the-Bankers'-Hot-Chestnuts out-of-the-fire (Labour Party, previously Liberal Party) thinks the people ought to pay more now for the goods they don't get, so that they would be able to buy less of the goods they do get.

Ith'n't the S.P.B.H.C.F. wonderful?

## SOCIAL CREDIT SECRETARIAT

(Chairman: Major C. H. Douglas)

### Director of Overseas Relations:

Mr. M. C. Bond.

### Assistant Director, Lectures and Studies Section:

Mr. J. M. Brummitt.

## THE NEW GERMAN FINANCE PLAN

Details of Germany's new finance plan are given in an article which appeared in *Freies Deutschland*, an organ of the German opposition, for April 15.

Not inappropriately, the newspaper heads its article, "The New Finance Plan; or: 'What Shall I Tell My Children?'"

The newspaper explains that as a result of the Reich's foreign activities, military and political, during this last year, she has increased her financial needs by many millions of marks. For the last six months taxes and loans have been insufficient to cover expenditure. The short-term special Treasury Bills which were issued in accordance with Schacht's plan afforded no relief, since they were to be liquidated from the proceeds of loans.

The straight-forward issue of Treasury Bills was impossible owing to the danger of a serious panic at the prospect of inflation. At the centre-point of the new plan, therefore, stands a new method of financing, not with Bills, but with Tax-bonds. The state is now issuing paper having the function of currency, which later returns to the Treasury to be accepted as money. This supplementary form of currency consists of tax receipts which the state issues to manufacturers against goods or services, and which the holder can later use in payment of taxes. These tax-bonds are negotiable.\* The manufacturer must accept them up to the value of 40% of any invoice. Their issue is not limited to Government Contractors but extends to all contracts and other dealings of industrial undertakings.

The bonds are divided into two categories:

*Type 1.* These bear no interest and may be accepted in payment of taxes after seven months from date. Certain advantages accrue to those who hold them for a longer period, the advantage being greater the longer the period they are held. The holder can claim a rebate of income tax

on an amount of income equal to 20% of the value of the bonds after a period of ten months. 25% of the value of the bonds after a further period of 1 year. 30% of the value of the bonds after a further period of 1 year. 35% of the value of the bonds after a further period of 1 year.

*Type 2.* These are accepted in payment of taxes after a period of 37 months from date. They carry a supplement of 12% which is added when they are used to liquidate taxes. Thus they appreciate at the rate of 4% per annum.

In connection with these bonds the holder has a right of 'Valuation of depreciation' up to the face value of the bonds. He can write off the depreciation on certain forms of industrial plant up to the full 100% immediately, and thus reduce his taxable income by this amount. Increase in income is not subject to excess-profits tax if it is used to expand or renew plant. It is further released from this tax up to the amount of the normal figure for depreciation in the next year if anything should remain to be written off.

Further, the total income absorbed by any necessary expansion of certain industrial plant is freed from the excess-profits tax. Necessary expansion consists, according to Herr Reinhardt, the originator of the plan, of anything needful for defence, for the 4 Years Plan, or for anything required on national-political grounds.

The *Freies Deutschland* puts forward the following criticisms:—

(1) Those manufacturers who cannot wait until the Treasury accepts the bonds in settlement of taxes will exchange them against goods, if goods are available. They will thus increase that demand for goods which, it is alleged, many of the industries in the Reich are unable to satisfy. The result "would be a real deficiency. This would lead to profiteering, a fall in the value of money, and thus to inflation."

(2) It is suggested that in 3

years, when the *Type 2* bonds begin to return to the Treasury there will be a serious falling off in revenue. [When a Treasury hands over money in cancellation of loans, revenue "falls off", but this is not what the newspaper means.]

(3) Naturally the manufacturer will write off up to the limit permitted, and tend to keep bonds of category 1 in the safe and even to buy additional bonds in order to keep his income tax down to the minimum. He is likely to throw other Government Paper on the market in order to purchase them. This will lead to further loss.

(4) Excess profits will be spent on renewal of plant in order to keep money out of the hands of the tax-collector.

(5) The exemption from tax granted to income utilised in furthering schemes of national-political importance provides a back door to tax-evasion. The manufacturer will be driven in the direction indicated so clearly to him—expand, build, buy. The result will be a flight in real values.

The originators of the scheme claim that:—

(1) Real and ideal values will be created which will ensure the future of the German people and develop their greatest value only for future generations. (*Reinhardt 25-iii-39*).

(2) Loans bear interest and the burden of interest payments consumes future taxes. Financing by means of loans also represents an anticipation of future taxation. A loan does not differ, in this respect from the tax-bonds.

(3) The technique can be utilised for several years, because the money so created will only be used up after some decades, when the great national-political task of assuring the future of the German people is accomplished, and the economic

(continued on page nine at the foot of column three).

\* It is not, however, made clear whether they correspond in status to what in England is legal tender.

Space reserved by

Secretary: John Mitchell

## THE UNITED RATEPAYERS' ADVISORY ASSOCIATION

Sentinel House, Southampton Row, London, W.C.1.

## Councillors' Grave Responsibility in Regard to Causes of War

By JOHN MITCHELL

At the present time councillors in some fifty towns in Great Britain are being confronted with a signed demand from ratepayers for: Lower Rates with No Decrease in Social Services. In some of these towns this demand is already under discussion in the council chamber, and the practical means of achieving it is being carefully considered by committees and sub-committees.

**The point which it is desired to make here in regard to this matter is the tremendous responsibility shouldered by every councillor who takes it upon himself in any way to obstruct, delay or oppose the natural course of this demand.**

It can be stated quite clearly now that the connection between lower rates and War in Europe is **vital**. The reason is that the **elimination** of the bulk of loan charge payments now extracted out of the incomes of rate and taxpayers would **expand purchasing power**; and expansion of purchasing power will relieve that pressure on the **international market** which is the basic cause of War.

**A start has to be made**, and in this connection the electorate has chosen to make its first demands on Local Authorities. If councillors do not support this demand they are obstructing the removal of the causes of War. By not supporting and forwarding the demand of their own electors they are, therefore, accepting a very grave responsibility.

**War an Extension of Trade War**

The basic cause underlying the political antagonisms which resulted in the last war was the fight among the nations for export markets. On all sides this has been admitted.

Nothing has been done since the last war to remove the causes of this Trade War. It has gone on ever since. The elaborate barriers erected by all countries to **restrict**

imports, and **the complete lack of barriers** in any country to restrict exports, coupled with the endless intensification of efforts to increase exports, are in themselves convincing evidence of a fight for exports.

The matter has been clearly stated in a resolution passed this year by the Southampton Chamber of Commerce:—

"That in the opinion of this Chamber the chief menace to international peace lies in the growing struggle among the nations for a share of a greatly diminished and still diminishing volume of export trade; and that in these circumstances it is urgently desirable that H.M. Government should take immediate steps to relieve the situation by facilitating a much needed expansion of the home market."

The immediate causes of the present tension in Europe have been made very evident by, among many other things, the comings and goings of the representatives of our own and other governments in Eastern Europe in open rivalry for trade agreements in the Balkans. It has provoked the bitterest re-primination on all sides.

Consider a recent leading article in *The Times*. On Saturday, December 3rd, 1938, discussing Mr. Hudson's review in Parliament of our export trade *The Times* said:

"These methods, which were first introduced by Russia, causing at the time a great outcry at Russian dumping, have been developed and elaborated and refined by Germany and have been forced upon the attention of even the most indifferent by the German drive to establish what would come dangerously near a monopoly in the trade of the Balkan and Near Eastern countries.

"The Government, he (Mr.

Hudson) said, had made a survey of all the means by which this competition could be met; and the only way they could see was that our industries should so organise themselves as to be able to speak as units to their opposite numbers in Germany and say, "Unless you are prepared to put an end to this form of treatment, unless you are prepared to come to an agreement to sell your goods at prices which represent a reasonable return, **then we will fight you and beat you at your own game.**"

Could anything be clearer evidence than that statement as to the direct economic causes of antagonism in Europe? War is only the substitution of military weapons for economic weapons.

Now listen to President Roosevelt's New Year message to Congress. He said: "All about us

**Books to Read**

By C. H. Douglas:—

Social Credit ..... 3/6

The Alberta Experiment 5/-

The Monopoly of Credit . 3/6

The Economic Crisis.  
Southampton Chamber  
of Commerce Report ... 6d.

The Bankers of London  
by Percy Arnold ..... 4/6

This book does not deal with  
the subject of social credit  
but contains valuable data  
for those wishing to under-  
stand the location of power  
in the modern world.



rage undeclared war, military and economic. All about us grow more deadly armaments, military and economic. All about us are threats of new aggression, military and economic."

Those who are sincere in their desire for peace are bound to face the FACT that whatever may be said in criticism of the methods used on either side in this Trade War, there are basic economic causes inside every country which drive them into competition.

**First Step**

The imperative need is to lessen this pressure of competition in the Export Market; and the quite obvious solution is to expand the purchasing power of the home market.

This fact must be faced:—

£330,000,000 of the annual national income is absorbed in loan charges on Public Debt.

The figures are—

Loan Charges on the Local Government Debt	£100,000,000
Loan Charges on the National Debt	£230,000,000
	£330,000,000

This £330,000,000 of the British consumers income, which would have been spent with the retailer and taken goods off the Home Market, is spent instead on loan charges; and the surplus goods on the Home Market which this money would have bought have to

be exported, restricted or destroyed.

It is true that a small proportion of these loan charges find their way back to private investors as dividends. But the bulk of Public Debt (85%) is held by banks and other financial institutions, who hold the stock either directly in their own name or through nominees (a form of concealment).

A large part of the loan charges taken out of the income of rate and taxpayers which is paid to financial institutions accumulate as capital and reserves. The goods which this income would have bought are thereby forced into the export market.

Inspection of Local Government Debt Registers has revealed that over 90% of the debt is held by financial institutions or their nominees.

A large part of this debt is created costlessly by banks. The evidence in regard to this is incontestable. (see *Encyclopaedia Britannica Branch Banking* and Mr. McKenna's speeches, and other authorities).

**The Simple Effort Required from Councillors**

Let there be no mistake about it; whoever stands in the way of a rectification of this position is taking on an extremely grave responsibility. He is perpetuating conditions which are the basic cause of war.

The time has come when those who are standing in the way of a settlement of this matter must be prepared to proclaim publicly that they are doing so.

The ratepayer has made his demand on each councillor. The simple task of each councillor is to join with his fellow councillors and pass the demand on to the banks for the provision of credit on reasonable terms. (A service fee of one payment of 1/2 per cent. to 1 per cent. is ample to pay the banks for the credit they create).

Let councillors take stock of the measure of the tremendous responsibility which is theirs if they do not forward the demand for lower rates with no decrease in

social services.

**Who is obstructing this urgent, this imperative demand?**

J. M.

**TOO HOT TO HOLD**

The prevailing impression among councillors who have been confronted with a demand for lower rates with no decrease in social services amounts to fudging the responsibility of dealing with the matter: the passing on of a demand to the banks for costless credit. That is one of the basic causes of the delays which the Rates Campaign is experiencing.

The plain fact is, of course, that the responsibility incurred by individual councillors who, by not supporting the demand block its progress, is far and away graver than supporting it. The above article is written to demonstrate this. It is available as a circular published by the U.R.A.A., for distribution to councillors, Chambers of Trade and business men. Copies can be obtained from the U.R.A.A., at 2/- per dozen. It is probable that this action will make many councillors change their mind and recognise that by not supporting the demand they are accepting a responsibility too hot to hold, and that it would be better to "pass the buck" on to the banks.

Linking up with this and the universal feeling of strong aversion to war, the U.R.A.A., is publishing a short leaflet entitled "The Councillors of This Town Can Prevent War." This is for mass distribution among the public and its aim is to make people watchful of those individual councillors who are holding up changes which will prevent war.

This is a grand opportunity for all those who want peace. Get busy now!

(continued from page seven)

condition of the Reich will be such as to permit of the ready acceptance of the bonds in payment of taxes.

The newspaper points out that a somewhat similar scheme was introduced by Von Papen with his emergency order 'For the stimulation of industry' on September 4th, 1932. This proposed that taxpayers should receive 40% of their taxes back again in the form of tax-bonds. As these were negotiable the holder could recover the 40% in currency.

Both criticism and defence have points of interest. Debt-free producer credit is, however, a considerable step forwards, and its working will provide an object-lesson in favour of debt-free consumer credit. Now is the time to say: 'But we could do better in England'!

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# REACTION INSTEAD OF ACTION

By NORMAN F. WEBB.

To read pacifist literature\* is to realise the hopelessness of the attempt to deal with the problem of war from the emotional and ethical angle alone.

The horror and aversion provoked by modern warfare is unquestioned. If it was only feeling that was needed to provoke action, there is lashings of it. But the truth is, it is understanding alone that is active in any real sense. Emotion is a force that must be canalized, like any other force, before it can become effective, and nothing but knowledge can do that.

I am not pretending here to give a critique of Canon Raven's lucid and excellently written book. It is well-worth reading for the impartial manner in which it gives both the pacifist and anti-pacifist points of view. In fact, if a dispassionate atmosphere were all that was needed to enable one to make up one's mind upon this knotty question, here it is. But the point with which I want to deal is the fact that when all is said and done and we close the book, we are not one fraction of a hair's-breadth nearer to a state in which we are able to do anything with, or about the fact of war. If we can discover the reason for this, I feel we may have the clue to the ineffectuality of the entire Peace Movement and of the nation's efforts to rid themselves of the menace of war.

Although the title of Canon Raven's book is *War and the Christian*, his primary concern is, naturally enough, with the attitude of the Christian Churches towards war. He feels that they ought to be able to give a lead to the community. But no one can hope to lead where he does not know the way. If the Churches knew the secret of the peace they could present a picture of it to set conclusively against that of war; but on their own admission, they are unable. They cannot even settle their own differences. How then can the blind expect to lead the blind?

Here is an extract quoted by

Canon Raven from the Report of the Oxford Church Conference, held in July, 1937:

"Wars, the occasions of war, and all situations which conceal the fact of conflict under the guise of outward peace, are incidents in a world to which the Church is charged to proclaim the Gospel of redemption. War involves compulsory enmity, diabolical outrage against human personality, and a wanton distortion of the truth. War is a particular demonstration of the power of sin in this world and a defiance of the righteousness of God as revealed in Jesus Christ and Him crucified. No justification of war must be allowed to conceal or minimize this fact."

After that there is surely nothing more to be said. This disease we call war, stands utterly condemned. And yet, if we do not know the cause of it, what can we do, other than to say that it *must* be stopped,—invoking physical force, (the only resource of ignorance) against that which is itself the ultimate show of physical force. And that is in fact what the pacifist movement does. It can do no other. For, if after what we have quoted above, the Churches can find no point of agreement, even as to the first step to be taken, it must be that some catalyst, other than mere emotional reaction away from the picture presented, is required to resolve their differences.

Is the ethical approach to the problem to be utterly abandoned then? Must we adopt the defeatist attitude of the Archbishop of York and place our whole reliance on "big guns",—arguing speciously that Providence helps those who help themselves? Presumably, if you have the guns, big and plenty, God will direct the fire!

Such entire lack of faith in the power of the spirit to meet human necessities may not be very inspiring, and Canon Raven is very properly shocked. But let us see what is Canon Raven's alternative—his Middle Way, as he puts it.

"Constructive peace-making,

the building up of international law, of a central and supernational authority, the removal of grievances, economic and financial reconstruction, cultural advances and similar activities, must be the main concern of Christian statesmen; but *to safeguard such tasks their is surely a use of force which may be truly hallowed.*" (My involuntary italics).

It is not easy to conceive of a more jesuitical bit of reasoning. Surely Canon Raven can see that there is no Middle Way, in the sense of relinquishing one's belief in the natural order of things,—in God, if one is minded to put it that way. Such a sentence comes to me with a real shock, in a book up to this point so generally clear and honest.

And its final chapters are however, full of pacifist catchwords:—"Supernational authority," "international police"; all, presumably, "hallowed" by the worthiness of the object.

To those of us who have the advantage of Major Douglas's philosophy, this will present itself as an example of the depths to which an intelligent mind can be lead by an inability to face what stands straight before it. But twist and contort and philosophise how you will, facts will defeat you in the end if you don't accept them. In spite of his shocked disagreement, Canon Raven is found back again with the Archbishop of York and his big guns,—guns built with the desperate intent of blowing distasteful facts to pieces. There is no getting round it: force is force, whether it is manifested through national armies or a "world police" controlled by the Bank of International Settlements.

This I am convinced, is the secret of what is called "the failure

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\*"War and the Christian," by Charles E. Raven, D.D. (Student Christian Movement Press).

of religion." It is simply man's failure to adapt himself to a new order of things, to a fresh set of facts. The Christian Churches and the so-called Pacifists (for those who advocate the enforcement of peace are fundamentally neither pacifist, nor are they Christian), have no new contribution to bring to the solution of this problem of war, for the reason that they refuse to face the search for the real cause of it. If the Church is to lead in the abandonment of the belief in war as a means to anything (except national self-extinction), it must first become factual. It must come out against those very abstractions—disarmament, collective security, internationalism—that are centred in the League of Nations, and which require ultimately an exclusive control of the physical forces of the world for their defence against the powers of fact. In the words of St. Paul, quoted by Canon Raven: "We wrestle not with flesh and blood, but against principalities and powers."

In what, then, has this generation failed to conform to new facts? It is upon that that the Church needs to concentrate if it is to assist in leading civilization out of its present soul-sickness. A little consideration will assure us that it is *not* war. The form and methods of warfare may have changed, become ten times more crude and repulsive; but war itself is no new fact. There is, however, one outstanding fact in the world to-day, superficially unrelated to war; one fact among several, with which the philosophy associated with the name of Major Douglas deals, and that is the fact of plenty, potential economic security for all. And I make no apology whatever for stating my belief that unless the individuals composing society become *informed*, consciously or unconsciously, with the realism contained in the social credit philosophy, world-wide war cannot be averted.

The concern of social crediters, as most of the readers of this journal are aware, is not in any way directly with war. What the Pacifists have to learn is that war is not fundamental, but merely symptomatic. Social credit concerns itself primarily with the freedom of the individual, based on

access to the means of subsistence; in other words, with distribution, with what Francis Bacon, one of the great realists of all time, calls "preservation." It is true that "man does not live by bread alone," but any attempt on the part of those calling themselves Christ's followers, to dissociate spiritual and material bread, in the face of the enormous potential plenty of power production, is simply a cowardly refusal to face the primary fact of modern times, and in stark contradiction to the example of Christ himself.

Those bodies, referred to by Canon Raven generally as the Churches, along with all the various Peace Movements, might be said to represent the entire nation. If only they could be got to remove their gaze from military warfare and its horrors, and concentrate on the no less horrible, if less sensational, economic warfare, that is its prelude, they would find that they were dealing with something actually within their power to influence.

The arguments in favour of this course are really not answerable. For economic warfare takes priority of place to military warfare in the natural order of things, and therefore it is through it alone that the problem of military warfare can be even approached. And furthermore, the economic problem is inescapably all about us, and therefore, it can be got at.

In that last fact, possibly, lies the cause of the whole deadlock. The Churches and Peace Movements need to be alive to that common human failing of avoiding the obvious and immediate thing for the very reason that it is both of these things, and therefore demands immediate and positive action.

NORMAN WEBB.

From *Ereignisse und Gestalten*, by the Kaiser Wilhelm II, published in 1922:—

"It must however be said that John Kenneth Turner in the book already mentioned, "Shall It Be Again?", shows from the extensive material at hand that all Wilson's reasons for bringing America into the War were pretences; that he really acted only in the interests of Wall Street high finance."

## "Another Little Debt Won't Do Us Any Harm!"

At the present time the aggregate State and municipal debt amounts (as already stated) roughly to nearly one quarter of the entire estimated national *wealth*, and the combined tax and rate burdens of the country to an equivalent percentage of the national *income*. Another war upon the 1914-1918 scale would rapidly expand the combined indebtedness to a figure equal to more than *half* the entire national wealth—and the tax and rate burdens correspondingly. *So will another decade or thereabouts of "war preparedness" at the present increasingly accelerating pace—even if no war comes; and should a world conflagration then break out, the country's "solvency margin" would in a very few years be reduced to decimal proportions, or completely swallowed up. There are, of course, many devil-may-care roysterers who blithely hold the view that "another little debt won't do us any harm," but even these thoughtless optimists will change their tune when they find themselves working nearly three weeks out of every month just for the pleasure of paying rates and taxes.*

We cannot better illustrate this point than by quoting the remarks made a few years back by the late Mr. Arthur Kitson, the most resolute and implacable of all opponents of many aspects of post-war finance:—

"our national debt on March 31st, 1919, was £7,434,949,429. From 1920 to 1933 inclusive there has been paid in *interest* charges on the debt £4,288,925,186 . . . In spite of this, our national debt on December 31st, 1933 (including our debt to the U.S.A.) was £7,947,000,000, being £512,000,000 more than the original debt of March 31st, 1919. In other words, the nation has paid on account of the debt and interest charges the sum of £868,000,000 more than the original debt of March 31st, 1919, *without reducing the original debt by one shilling!*"

— From an editorial in the April issue of "Builders' Merchants Journal."

ANNOUNCEMENTS AND MEETINGS

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BIRMINGHAM and District. Social Crediters will find friends over tea and light refreshments at Prince's Cafe, Temple Street, on Friday evenings, from 6 p.m., in the King's Room.

BLACKBURN Social Credit Study Group meets each Tuesday at 8 p.m., in the Y.M.C.A., Limbrick. All welcome. Enquiries to Hon. Sec., 47, Whalley New Road, Blackburn.

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LIVERPOOL Social Credit Association: A 'Lower Rates' Evening at Jennings Cafe, (corner of Taggart Avenue, Childwall, at 8 p.m., May 8th. Enquiries to Hon. Secretary, Green Gates, Hillside Drive, Woolton.

LONDONERS! Please note that THE SOCIAL CREDITER can be obtained from Captain T. H. Story, Room 437, Sentinel House, Southampton Row, London, W.C.1.

NEWCASTLE D.S.C. Group. Literature, The Social Crediter, or any other information required will be supplied by the Hon. Secretary, Social Credit Group, 10, Warrington Road, Newcastle, 3.

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