

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

Vol. 19. No. 3.

Registered at G.P.O. as a Newspaper.  
Postage (home and abroad) 1d.

SATURDAY, SEPTEMBER 20, 1947.

6d. Weekly.

### The New and The Old Economics\*

By C. H. DOUGLAS

SECTIONS III. AND IV.

#### The A plus B Theorem, Saving, and the Repetition of Payments Increasing Prices.

(Continued.)

The second method, and probably the method by which most modern financing is done, under cover of a smoke screen provided by comparatively small subscriptions from the public, is that some financial institution actually creates the money, taking debentures on the new factories as security. Ethically, there is every difference between money created by a stroke of the pen and money acquired as the result of years of effort, but I am not at the moment concerned with ethics. At first sight it is a better method, considered as an isolated operation. When the new factories come into existence, new money is distributed to the men who built the factories. But there are two practical objections, leaving aside any question of ethics. The new money or credit is claimed by the financial institution as its property, and therefore when it is lent creates a debt against the public. At the same time, being distributed in advance of consumable goods, it tends towards true inflation. The debt differs in nature from the debt created by private finance in exactly the same way that a debt to foreigners differs from an internal debt—its repayment actually takes money out of the country. If a rise of prices has occurred, it is repaid twice over, once in increased prices and again on redemption. Secondly, there is no provision in this method of financing for the money required to pay the interest on the debentures, which, in fact, can only be paid, if it is paid, by the issue of fresh money to pay it, which, under existing circumstances, comes from the same source, that is to say, the financial system. From this point of view, it is the difference between usury and profit—a difference clearly drawn in the Middle Ages. There is an additional factor, perhaps more important than any of these, and that is that, either by directly calling in the debentures or by selling the debentures to the public and calling in public overdrafts, financial institutions can, and most unquestionably do, recall the money equivalent to the plant value at a greater rate than this plant depreciates.

It is therefore, I think, incontestable that, either wholly or in part, the purchasing power to pay overhead charges on a scale which is legitimate from the plant owner's point of view does not exist, except in times of wholly excessive capital production or quite abnormal exportation.

It is now necessary to see to what extent this conception of overhead charges can be extended, and I think that a little

consideration will make it clear that in this sense an overhead charge is any charge in respect of which the actual distributed purchasing power does not still exist, and that practically this means any charge created at a further distance in the past than the period of the cyclic rate of the circulation of money. There is no fundamental difference between tools and intermediate products, and the latter may therefore be included. Admittedly, at this point we get into a certain difficulty, both to ascertain the average rate of circulation of money, and the antiquity of the various charges made, but the disparity is so great that, qualitatively, there is no difficulty in proving the point.

In Great Britain, for instance, the deposits in the Joint Stock Banks are roughly £2,000,000,000. In rough figures, the annual clearings of the clearing banks amount to £40,000,000,000. It seems obvious that the £2,000,000,000 of deposits must circulate twenty times in a year to produce these clearing-house figures, and that therefore the average rate of circulation is a little over two and a half weeks. At this point it may be desirable to deal with the common error that the circulation of money increases its purchasing power, an error which seems implicit on page 19 of Professor Copland's pamphlet, where he remarks: "A given unit of money will circulate many times in a unit of time. It will make many payments, because it has what economists call velocity of circulation." I think that what Professor Copland means by this is that, if I pay £1 to the butcher for meat and the butcher pays the £1 to the baker for bread which the baker has supplied to the butcher, then two debts are liquidated. This is a complete and major fallacy. The butcher incurred costs, perhaps from a farmer in respect of cattle supplied, who in his turn possibly borrowed the £1 from a bank. In any case, if the butcher uses my £1 to pay the baker, he has broken the chain of repayment from me to the farmer, and ultimately to the banker, and the costs which were created when the farmer sold his cattle to the butcher are not liquidated. The clearing-house figures just quoted contain a large number of "butcher-baker" transactions, and these must be deducted in estimating circulation rates. The vital fact is, of course, that one unit of money can circulate an indefinite number of times through the costing system, in each case creating a fresh cost or, if it be preferred, a fresh debt charge, but not fresh purchasing power. It is, perhaps, unnecessary to contend that the average antiquity of the debt charges against the population is more than two and a half weeks. It is certainly a considerable number of years, but it would be difficult to say exactly what it is.

Categorically, there are at least the following five causes of a deficiency of purchasing power as compared with collective prices of goods for sale:—

1. Money profits collected from the public (interest is profit on an intangible).

\*First published in 1932: see footnote to Section I, T.S.C., September 6.

2. Savings, *i.e.*, mere abstention from buying.
3. Investment of savings in new works, which create a new cost without fresh purchasing power.
4. Difference of circuit velocity between cost liquidation and price creation which results in charges being carried over into prices from a previous cost accountancy cycle. Practically all plant charges are of this nature, and all payments for material brought in from a previous wage cycle are of the same nature.
5. Deflation, *i.e.*, sale of securities by banks and recall of loans.

There are other causes of, at the moment, less importance.

Excluding taxation, which is a separate although allied subject, all distributed purchasing power is recovered from the public through the agency of prices. This is just as true in connection with the recall of trade loans as in any other form of expense. It seems obvious, therefore, that, with the exception of savings, the whole of the above causes of the difference between purchasing power and prices can be found in B payments, which are money ultimately on its way back to the bank, and none of them, with the exception of savings, are found in A payments, and if we subtract the A payments distributed in a given week, minus savings from the total prices claimed in a given week, we shall get B payments as a measure of the net debt claims against the public for the week in question.

As bearing upon this, the Association of American Engineers at Columbia University, previously referred to, remarks that "the total debt claim against the physical equipment of all American industry has risen to the fantastic figure of 218,000,000,000 dollars—a debt claim on posterity." They correctly remark that a temporary revival to "prosperity levels" is possible by increasing the debt claim through a policy of inflation, but that a downward oscillation will result from this that is likely to end in the utter collapse of the price system under which industry has operated.

The foregoing is sufficient answer to the quotation from Mr. J. M. Keynes, which begins: "Let X be equal to the cost of production of all producers. Then X will also be equal to the incomes of the public." This is the well-known logical fallacy known as the *petitio principii*, which consists in assuming the truth of the fact which you have set out to prove and then proving the assumption from the logical conclusion. The cost of production is *not* equal to the incomes of the public, and therefore the rest of the argument merely indicates what would happen if it *were* equal.

Professor Copland then goes on to argue that the whole system of production would have broken down had my analysis been correct, and mentions the interesting fact that A payments in Australian industry are about one-fourth of the total value of the output of goods in factories. It is well understood how it has been possible for industry to carry on up to the present time under the faulty financial system we have examined, and the two more important causes are: firstly, the excess of exports over imports, resulting in taking goods out of the country and receiving purchasing power in return for them, thus at one and the same time decreasing the amount of goods in the country and increasing the amount of purchasing power in respect of the remaining goods; and secondly, by a progressively excessive production of capital

goods, the A payments of which become available to buy the consumable goods, the method to which reference is made by the American authorities quoted previously. Both of these latter processes have now become, in practice, impossible to any considerable extent, and the present crisis is the result.

It may now be convenient to deal with Professor Robbins' views on the matter.

(R) "Not only is there no reason to attribute a depression to a deficiency of consumption," said Professor Robbins, "but there is, on the contrary, considerable reason to believe that the coming of depression is due to the fact that there is too much consumption." I cannot help feeling that we are indebted to Professor Robbins for putting the logical inference from the financial position into plain words, and it appears to me to be such a *reductio ad absurdum* as should convince anyone that its premises are unsound.

Professor Robbins, however, does not agree with Professor Copland, but remarks: "It was perfectly true, as Major Douglas urged, that the sums distributed as ultimate incomes—wages, salaries, rents, *etc.*—were insufficient to purchase the total product of industry. But so far from that being the cause of industrial crisis, it was in fact an essential condition of the smooth functioning of the industrial system. If a system were considered which was in stationary equilibrium—a system in which no saving was taking place (my italics)—it was clear that, of the total volume of payments being made at any moment, only a comparatively small proportion were made for the final product. The remainder went to facilitate the movement of goods between the different earlier stage of production . . . These payments did not go at the moment to the recipients of ultimate income. They were costs, but not net income. In any computation of the net value produced during the unit period they would be set off one against the other, and at the end of such a process there would be available the value of the consumers' goods. To this, and to this only, corresponded the incomes of the ultimate factors of production. In many-stage production the net income did not equal gross income, and it was highly undesirable that it should do so. Only in a system of hand-to-mouth or single-stage production was it compatible with the requirements of equilibrium that the net income and the gross income should be identical."

(R) I am not quite sure whether Professor Copland would regard the foregoing explanation by Professor Robbins as being an outstanding example of clarity, but, apart from that and with a slight modification which I will indicate at once, I should be inclined to say that, if I understand it correctly, Professor Robbins has obtained a more accurate conception of the truth than has Professor Copland. The exception to which I refer is in respect of the the words which I have italicised—"a system in which no saving was taking place," and I should substitute for these words—"a system in which no saving had taken or was taking place." The real meaning of Professor Robbins' statement amounts to this—that if we can imagine the modern industrial system doing only so much work upon capital goods as to maintain them indefinitely in exactly the same state of efficiency, then, quite obviously, consumption would be exactly equal to production. Under these conditions, the amount of wages distributed on maintenance would obviously be added into the cost of the end products, and collectively with the wages paid to the final producers of

end products would be sufficient to buy the end products always providing that no charges in respect of the original plant, buildings and other capital goods which were merely being maintained, were charged in the prices of either intermediate or ultimate goods, and that no one made a money profit. The most casual examination of Professor Robbins' example will be sufficient to make it clear that it is not one which has any relation to either the modern costing system or to the actual physical facts of production. In passing, it may be noted that, not only in the case of Professor Copland and Professor Robbins, but in the discussions which took place before the Macmillan Committee in 1930 and at Ottawa in 1923, it seemed to me and to others that the professional bankers and economists were quite ignorant of rudimentary cost accounting, and it is possible that this ignorance may have some bearing on the remarkable divergence of opinion which seems to exist on matters of fact. Not only is real saving in the physical sense, by which I mean a constant surplus of production in a form tangible or intangible, inevitable, apart from being a desirable feature, of the present production system, but there is no possible case in which the present system is worked, as it is supposed to be worked, in which charges do not appear in respect of the use of real *i.e.* physical capital. It is a perfectly proper thing, from a cost accounting point of view, for a workman to charge for the use of a hammer, and the moment he does this he is making charges in respect of capital. When the banking system endeavours to drive down prices by deflation, so as to make it impossible to collect these charges, it is merely transferring the injustice which it normally inflicts on the general public, to the manufacturers and the investor, who have been induced to undertake the business of providing goods and services on the tacit understanding that not only shall they be paid for their present work, but that they shall be paid for their past work, which in their case is represented by savings which they have invested in the new business. The banking system can at any moment, and normally does, make this payment impossible, eventually forcing the liquidation of the assets without compensation to the persons on whom it is continually urging the necessity and virtue of saving.

(To be continued.)

## PARLIAMENT

House of Lords: July 15, 1947.

### Food Contracts with Commonwealth Countries

*Viscount Bledisloe:* My Lords, I beg to ask His Majesty's Government the question standing in my name on the Order Paper.

[The question was as follows:

To ask His Majesty's Government, whether, in view of a prospective shortage in the supply of essential foods in Great Britain and on the Continent of Europe for at least two years, they can give at once to primary producers in Australia, New Zealand and elsewhere in the British Commonwealth and Empire such assurances with regard to the market for their output as are necessary to give them full confidence in augmenting as much as possible their production of food for export.]

*The Secretary of State for Commonwealth Relations (Viscount Addison):* My Lords, there is not the slightest doubt that for a long time to come not only shall we require the maximum production of food by our own farmers but we shall also need from Australia and New Zealand and other parts of the Commonwealth as much as they can produce of all main foods with which they supply us. The world shortage of such important foods as meat, grain, butter, cheese, condensed and dried milk, eggs, oils and fats, sugar and cocoa, is likely to continue for considerably more than two years. Our own demand for these foods as a result of the general increase in purchasing power since pre-war days has risen to and is likely to remain at a substantially higher level than before the war.

We must, in present circumstances, satisfy this demand as far as possible from our own production and from non-dollar sources of supply. On the other hand, both our interest as consumers and our international obligations require that we pay due regard to price and other commercial considerations if we are to take as much food as they and we would wish. As the noble Viscount is aware, it is the policy of the United Kingdom in order to give producers in the exporting countries the necessary confidence to maintain or increase their production for export, to enter into medium or long-term contracts to purchase their exportable output of food on agreed terms. I propose to publish in the Official Report as an appendix to this answer a list of the existing contracts in so far as they affect Commonwealth countries. The noble Viscount will see from this that a large proportion of the foods produced by Commonwealth countries is in fact covered by contracts of this kind. We have every intention of continuing this policy and I do not think there can be any better evidence of our desire to establish in the minds of Commonwealth producers that confidence in the future market for their output which they naturally require.

[The table here introduced will be published in THE SOCIAL CREDITER next week.]

*Viscount Bledisloe:* My Lords, I am very much obliged to the Leader of the House for the answer which he has given. I am sure it will give great encouragement to those who intend to benefit us in the Old Country, and who farm in non-dollar countries. I suppose I may assume from the noble Viscount's answer that he does not anticipate any appreciable slump in the prices of the more essential foods raised in these countries, at any rate, in the next two years.

*Viscount Addison:* I must not be taken as saying anything confidently on the matter of prices. They will be subject to sensible negotiation.

House of Lords: July 23, 1947.

### Price of Grapefruit

*Lord Lyle of Westbourne:* My Lords, I beg to ask His Majesty's Government the question which stands in my name on the Order Paper.

[The question was as follows:

To ask His Majesty's Government whether they are aware that whereas the price paid to the grower in Jamaica for a case of 72 lbs. of grapefruit amounts to only 5s., the retail selling price to the British public

(Continued on page 8).

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This journal expresses and supports the policy of the Social Credit Secretariat, which is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

SUBSCRIPTION RATES: *Home and abroad, post free:*  
 One year—30/-; Six months 15/-; Three months 7s. 6d.  
 Offices: (Business) 7, VICTORIA STREET, LIVERPOOL, 2, Telephone: Central 8509; (Editorial) 49, PRINCE ALFRED ROAD, LIVERPOOL, 15, Telephone: Sefton Park 435.

Vol. 19. No. 3.

Saturday, September 20, 1947.

### From Week to Week

THE 'MISSING' CENTURIES "... Throughout the days of the Roman Republic, the fame had been great of that Cumæan Sibyl who had sold the dwindled remnant of her books to Tarquin for so great a price. When this remnant was burnt in the Capitol the dictator Sulla caused search to be made, in various lands where sibyls were reported to have prophesied, for other of their oracles to replace it. Stimulated perhaps by the search set on foot by Sulla, a new literature of co-called oracle sprang up in the first century before Christ among the Hellenising Jews of Alexandria, who forged and circulated, as the utterances of these mythic prophetesses, sets of Greek hexameter verses shadowing forth their own monotheistic creed and Messianic hopes. They were followed during the next three or four centuries by writers of other Alexandrian schools and sects—Judaising Christians, Neoplatonists, and apparently even Christian monks, who contributed to the floating body of feigned Sibylline literature portions conceived according to the spirit of the schools in which they were severally bred; but all dwelling on the oneness of God, and many pointing out obscurely to the coming of a Redeemer..."

—British Museum: *Catalogue of Early Italian Engravings.*

In reference to our quotation in these columns from an article in *The Tablet* which emphasised the large surplus of imports over exports of the most thriving European countries in the nineteenth century—a surplus which was largely supplied by Great Britain—a correspondent writes to enquire, how the people who exported to these countries got paid, and why there was no dissatisfaction on the part of exporting Governments or merchants.

The answer is that realistically, we never were paid. That is why we are now probably the poorest country in Europe. The mechanism of the process was that the exporting firms drew a Bill of Exchange on the Continental buyers, who "accepted" it. The "British" merchant then took the Bill to an International Bill discounter, and got the "money," i.e., a bank credit, minus a small discount. That was all we did get—paper payment which went in wages, salaries and imported raw materials, mostly for further export.

The International Bill discounter either collected the Continental money on the maturity of the Bill or took a mortgage on the merchandise or the property of the buyer, banking the proceeds in the Continental country which also had the British-made goods. This was what was meant by the phrase "London is the Financial Centre of the world."

We built up the . . . . States in the same way.

To put the matter shortly, we made goods costing A + B, exported B at cost or slightly over, charged our own people A + B for A, and obtained the "money" to buy A at the price of A + B by getting it from the Bill discounter.

Certain propositions have always been fundamental to the Social Credit approach to the Finance-Economics problem, and are unique to it. They are:

The core of the problem is *cost*. Either the industrial-technological system provides lower *unit* costs or it is valueless. It is not an attractive system, *per se*. If it provides lower unit costs these ought to provide lower unit *prices*, i.e., higher purchasing-power per monetary unit.

We are more than ever, if possible, convinced that a falling price level, without loss to producers and entrepreneurs is the very core of social and industrial pacification. And we are equally convinced by thirty years' specialised experience and observation that the coterie which is at the core of world unrest knows it too, and is determined that at whatever cost, extending to the complete destruction of civilisation, and even of the terrestrial globe, it will not have that solution, which would automatically wrest power from it as nothing else would. That is the problem of the Sphinx, which man has to solve or die.

It is significant that the Communists in Quebec are attacking Social Credit with far more venom than is being directed against either the old Liberal and Conservative parties, or the C.C.F. "Communism" is nothing if not well informed, and its inspirers are well aware that there are only two policies at stake in the world-centralised and distributed power—the rest and Social Credit.

### Responsibility

"Although the Straits were offered to Russia in the First World War, it is hardly conceivable that Lloyd George, or indeed any British statesman of his time, would have abandoned all eastern and central Europe to Russia, as Mr. Churchill and Mr. Eden did in the Second World War, with such disregard for treaties and declared principles and with such disastrous consequences, though it must be said that their difficulties were augmented by President Roosevelt's lack of distrust in Russia, and by his vulgar prejudices against the British Empire. Although Mr. Churchill had stature as a popular leader and a certain soundness of strategic insight, England was most unfortunate in lacking statesmanship comparable with Castlereagh's or even Lloyd George's—statesmanship which would surely have ended the war by October, 1944, at the latest and have sustained, with at least some measure of success, the vital interests of England in eastern and central Europe and in the Balkans."—F. A. Voigt in *The Nineteenth Century*.

### The "Rebirth of Italy"

"Montecatini is the Italian equivalent of Imperial Chemicals... In June, 1947, Montecatini was employing 54,000 workpeople, compared with 57,000 in 1938 and 30,000 on its pay-roll at the moment the war ended."—Richard Gould-Adams.

## Life and Death in Russia\*

### II.

"The Soviet social-economic system cannot exist without forced labour. One might as well expect a bridge to remain in use with half a frame. Such optimism would be justified if the mainspring of class formations in Russia emanated from the caprice of a supreme leader; the fact is, however, that the development of the huge class of forced labour in Soviet Russia arose not from the good or bad will of individuals but rather as a consequence of the specific principles upon which the Soviet State has been founded.

"The economic basis for this phenomenon is simple enough. The gigantic programme of investments required of millions of human beings that they contribute many more values to the state than they are receiving; their daily labour had to produce a greater value than the value of the food, clothing, and shelter which they absorbed. The difference between the values they created and the values they used contributed the surplus utilized by the state for its construction purposes. To increase this surplus to a maximum has been the basic task of Soviet economy. If this sphere of Soviet economy were to be freely studied in the scientific works of Soviet economists or in Soviet universities, we would be told, in terms of Marxian economics, of the Soviet States' need of 'surplus labour,' that is of its requirements of large surpluses over the values consumed by the workers. The lower their consumption the greater the surplus left to the state. But to reduce consumption below a minimum was considered irrational because of the consequent speedy decline in the productivity of labour. For this reason the system of labour introduced in the camps takes into consideration both factors: the need of encouraging the worker's interest by making food allotments conform strictly to his output and the need of making his labour as cheap as possible—an objective attainable only under conditions prevailing in prisons and forced-labour barracks."

This passage, from one point of view, merely identifies the "Soviet social-economic system" with any other "system" designed to produce an undistributed capital product. The cost of production is consumption. Consume butter to produce guns *and* butter, unless the guns are distributed *with* the butter (consumption of which covers both) the guns cannot be used to defend the right to produce more butter at will.

How many are in the Labour Camps? Nobody knows. "The official census returns for 1937 have not been published at all, and of the returns for 1939 only a few summarized figures appeared. They include, naturally, no indication of the labour camps. In statistical tables these inmates, as well as all other groups of exiled or deported people, are registered just as 'wage earners' in addition to officials and free workers. From 1934 to 1939 members of this wage-earners group, with their families, allegedly increased at a rate which even in the Soviet Union is impossible: from 45 to 84 million. The veil has not been lifted so far, but there can hardly be any doubt that the inclusion of all deported people in the great class of wage earners in 1939 is partly responsible for the statistical miracle. At any rate, whatever the actual number of workers under the forced labour system may be, it is equivalent to the population of a country like Yugo-Slavia or Czechoslovakia or the Argentine, and it is certainly not

less than the population of Australia." Dr. Dallin believes the numbers of people subject to forced labour "is probably greater than the total number of industrial workers at liberty."

How closely their lot approaches that of a "workers' paradise" we must leave to the imagination fortified by such details as Dr. Dallin and others provide. Oppression breeds oppression and tyranny tyranny. The tyrant can never relax but must inevitably strengthen his grip. No sooner was the civil war over than the prison population grew from year to year rapidly. With the end of the 'twenties the government entirely ceased to publish figures. Systematic work as a training for a useful life, "Labour" in capital letters as a universal moral principle, became mixed up with a penal policy and later (?) with an economic policy. "It was a striking mixture of the cruel 'Red terror' and liberal concern for the 'care of prisoners'"—until, as Dr. Dallin states, there were "probably" more prisoners than 'free' workers. "The development of the forced labour system during the war years proceeded in complete silence as far as the press was concerned. No books or article ever mentioned this grave problem." "A great new expansion of the labour camps began in the latter stages of the war, and particularly after its termination... the inconvenience of making public the facts about forced labour is one of the reasons why the details of the Second and Third Five-Year Plans were revealed only in part and why the last Five-Year Plan (1946-50) was announced only in a few speeches." "The penal labour camps are places of the greatest moral degradation," and it seems that all labour camps become "penal."

"The political prisoners employed at forced labour are naturally, as far as any interest in political questions can exist, in violent opposition to the existing regime, a sentiment which in time of war can easily develop into defeatism. The only hope of liberation these people may have rests upon the possibility of a domestic political upheaval or military defeat. They care little about who makes war on Soviet Russia. Any upheaval, any new regime appears to them to be preferable to a strong, stable government and its victory in the war. Indifference, inability to distinguish between methods of political struggle, readiness to try anything, including alliance with any enemy at home or abroad, emerge as the natural consequence of living conditions in the camps; and it is no accident that persons of Russian nationality who managed to escape from these camps to other countries often found their way into the camp of Russian Hitlerites.

"This, of course, is hardly a reason for continuing to keep human beings in slavery. The longer this institution is preserved the greater will be the danger presented by the prisoners and deportees to any other, freer political system should the prisoners ever be restored to freedom."

Life in arctic conditions without food, heat, clothing and virtually without shelter is not likely to be conducive to the indefinite multiplication of a barbarian anti-social horde, even if "recruitment" from the "free" classes were accelerated; but Dr. Dallin's warning concerning the progressive effect of social deterioration is timely. On our (present) smaller scale, the apparently irreversible effects of regimentation in alliance with a deliberately fostered decay of social institutions are apparent. The social unit becomes incompetent to discharge his proper functions as a *social* unit. Whatever name covers him in the "records," he functions as a slave.

Dr. Dallin's opinion is clearly that the theory that a political system can evolve into its own opposite, by a "purely

\*The Real Soviet Russia by David Dallin. Hollis and Carter. 18/- net. Part I of this review appeared in T.S.C for September 6.

psychological development of its leadership" has not been borne out by events. "The policy of old Communism has assumed a new colouring under changed world conditions but it remains basically unaltered. Even more, Stalin's policy is the only possible Communist policy under the circumstances. Any other policy would have led to either an internal or an external defeat of Communism. Whether this would have been good or bad, no other road was open to Communism." Trotsky was right in one respect, however. "The wholesale violence and terrorism that prevailed cooled the sympathies of the outside world and crippled the activities of the Communists abroad. Supporters of the Soviet regime were able to accept these features during the stormy period of civil war in Russia, but the subsequent years of peaceful economic construction brought many protests. Repellant also was the profound poverty of the Russian people despite all the successes of industrialisation, and, finally, the new class distinctions that arose, provoking the perplexing, deadly question: Is it really worth while making new Soviet revolutions only to raise to power a new ruling caste? Trotsky was right when he pointed to Soviet reality as the most important anti-revolutionary factor." Discontented opposition elements "may build all sorts of theories. But they need only come to power to return to the path of Stalinism." But they will not yet come to power: "The great retreat has ended. A 'Socialist offensive' accompanied by the usual terroristic methods once more is on its way."

We have seen how the attainment falls short of the "ideal" in Soviet Russia. Nevertheless Stalin still holds that "the widening of the realm of Communism is a boon not only for Russia but also for humanity; world-wide Communism is the only guarantee against want, war, and the humiliation of man. Social revolution is the road to world-wide Communism. Great wars are an integral part of the social-revolutionary process."

But "the facts of post-war history have already shown the weakest point in this political philosophy... opposition to Soviet expansion has created a peace-time alliance, termed a 'bloc' by Stalin and Molotov... The next result is a far-reaching isolation of the Soviet Union, an isolation more complete and more ominous than ever."

Far greater than the "burden" of supporting the ten to twelve million members of the propertied and middle classes of Tsarist Russia, is that of the 24,000,000 to 28,000,000 government employees "simultaneously with intensified investment in industry." Even during the period of great industrial unemployment in the 'twenties, government employees were never discharged. "We have no people!" is the cry heard from the provinces whenever instructions covering new tasks and new plans arrive 'from the centre'." Those who benefited most by the new policy "were the book-keepers and their next of kin, statisticians and economists: in 1926 they constituted a very large front numbering about 1,000,000; 13 years later this typical category of the secondary bureaucracy had expanded to 2,000,000, running far ahead numerically of all other elements of the intelligentsia. The book-keepers alone numbered 1,700,000. No country has such a large army of book-keepers and statisticians as Soviet Russia."

Concerning the future, Dr. Dallin is most expansive concerning the new "upper" class, the intelligentsia. Granted that it differs from our own prolific bureaucracy in that its

preoccupation with theory is, or ought to be, at least qualified with brutal experience, we should heed more attentively what he says if there seemed the slightest awareness in his mind that the terror he describes throughout all the phases of its "evolution" is not a spontaneous historical development, born of natural "idealism" and "humanitarianism" and nurtured by natural "leaders," clever, determined, resourceful, if ruthless and mistaken. The intelligentsia, by which Dr. Dallin means not merely members of the liberal professions but "all white-collar workers... 80 per cent. of employees in the government's offices," are *not yet* the Rulers of Russia. "The Regime" are the Rulers of Russia, a facile theory which we find profoundly unsatisfactory. We see too much of the regime-makers and know too much of the artificiality of the "grave problems" which they set for their "regimes" to solve to believe it. The evidence is continually set forth in these pages, and we need not expand it here. Dr. Dallin himself has held and beyond much doubt still holds to the view that the lot of man in society can be bettered. So far so good. He does not however, even in this important and terrible analysis of the events in Russia since the downfall of the Tsars do more than lay bare some of the details. We would ourselves classify the students of human society broadly into three groups. First the pseudo-religious, who virtually reject the Incarnation and consequentially do not truly study man's life at all. They dismiss it as something illusory. Second, the satanic who perhaps believe and certainly exploit the view that whatever you do will only make matters worse: put anything 'right' and inevitably it will go 'wrong'—an inference perhaps from the fundamental premise that the ultimate inspiration of the universe *is* 'wrong': is evil. And lastly those who have faith "the substance of things hoped for, the evidence of things unseen" and who strive ceaselessly to realise what is terrestrially realisable. Not all—and perhaps not the major part—of what is terrestrially realisable is, of course, material or tangible.

Dr. Dallin's book is puzzling because of the encouragement he appears to give to the satanists, as we have described them. And we ascribe the currency of his book, in evil times, to the uncertainty of his encouragement to the faithful. Either an order of progressive realisation of human aims is a possibility and pursuit of it realistic, or it isn't. We believe it is both. The ultimate cleavage is between us and those with us and the rest. For that reason we note without any more enthusiasm than Dr. Dallin, the hopes which he reposes in the Soviet intelligentsia. It is, he says, "already the dominant element in the social life of the country, though not in political leadership. Future developments, despite the fact that they may involve a series of crises, are bound to bring it to the fore in politics also... It should not be idealised. Many of these people have reached their present status after suffering great privations and by ruthlessly overrunning their associates. In the long years of the Soviet regime, many saved their own skins by betraying their closest friends. All of them grew up in an evil, nerve-racking, dangerous period, when men stopped at nothing in order to survive... Taken as a whole, however, the Soviet intelligentsia constitutes a great positive force. The progressive development of Russia now depends on its acquiring decisive influence in the political sphere."

The trouble about "decisive" influences in such quarters is that they are not "decisive" but merely instrumental to overriding policy. Dr. Dallin has disclosed *the policy* of Soviet Russia by describing so faithfully its results. But is

that of the world outside Russia so different? Not some only, but all the aberrations of the modern world invite the simile used by this studious author: they are like a man drinking salt water, the more he drinks the thirstier he gets. "Labour" in capital letters, "playing the rôle of a universal moral principle" is not the least of these poisonous draughts; but Dr. Dallin inspects it once in his crowded pages and forgets about it.

### MAGNA CARTA

The first part of this translation by MR. C. F. ASHTON of *Magna Carta* appeared in THE SOCIAL CREDITER of September 6.

(Continued.)

70. And whereas, for the honour of God and the amendment of our kingdom, and for quieting the discord that has arisen between us and our barons, we have granted all the things aforesaid. Willing to render them firm and lasting we do give and grant our subjects the following security, namely, that the barons may choose five-and-twenty barons of the kingdom, whom they think convenient, who shall take care with all their might to hold and observe, and cause to be observed, the peace and liberties we have granted them, and by this our present charter confirmed; so that, if our justiciary, our bailiffs, or any of our officers, shall in any case fail in the performance of them towards any person, or shall break through any of these articles of peace and security, and the offence is notified to four barons, chosen out of the five-and-twenty afore-mentioned, the said four barons shall repair to us, or our justiciary, if we are out of the realm, and, laying, upon the grievance, shall petition to have it redressed without delay. And if it is not redressed by us, if we should chance to be out of the realm, if it not redressed by our justiciary, within forty days, reckoning from the time it hath been notified to us, or to our justiciary, if we should be out of the realm, the four barons aforesaid shall lay the cause before the rest, and the five-and-twenty barons; and the said five-and-twenty barons, together with the community of the whole kingdom, shall distrain and distress us all the ways possible—namely, by seizing our castles, lands, and possessions; in any other manner they can, till the grievance is redressed according to their pleasure, saving harmless our own person, and the persons of our queen and children; and when it is redressed, they shall obey us as before.

71. Any person whatsoever in the kingdom may swear that he will obey the orders of the five-and-twenty barons aforesaid, in the execution of the premises, and that he will distress us jointly with them to the utmost of his power; and we give public and free liberty to any one that will swear to them, and never shall hinder any person from taking the same oath.

72. As for all those of our subjects who will not of their own accord agree to join the five-and-twenty barons in distraining and distressing us, we will issue our order to make them take the same oath, as aforesaid.

73. And if any one of the five-and-twenty barons dies, or goes out of the kingdom, or is hindered any other way from putting the things aforesaid into execution, the rest of the five-and-twenty barons may choose another in his room, at their discretion, who shall be sworn in like manner as the rest.

74. In all things that are committed to the charge of these five-and-twenty barons, if, when they are all assembled together, they should happen to disagree about any matter, or some of them, when summoned, will not or cannot come; whatever is agreed upon or enjoined by the major part of those who are present shall be reputed as firm and solid as if all the five-and-twenty had given their consent; and the aforesaid five-and-twenty shall swear that all the premises they shall faithfully observe, and cause with all their power to be observed.

75. And we will not, by ourselves or others, procure anything whereby any of their concessions and liberties be revoked or lessened; and if any such thing be obtained, let it be null and void; neither shall we ever make use of it either by ourselves or any other.

76. And all the ill-will, anger, and malice that hath arisen between us and our subjects, of the clergy and laity, from the first breaking out of the dissension between us, we do fully remit and forgive. Moreover, all trespasses occasioned by the said dissension, from Easter, in the sixteenth year of our reign, till the restoration of peace and tranquility, we hereby entirely remit to all, clergy as well as laity, and, as far as in us, do fully forgive.

77. We have, moreover, granted them our letters patent testimonial of Stephen, Lord Archbishop of Canterbury, Henry, Lord Archbishop of Dublin, and the bishops aforesaid, as also Master Pandulph for the Pope's security and concessions aforesaid.

78. Wherefore we will and firmly enjoin that the Church of England be free, and that all men in our kingdom have and hold all the aforesaid liberties, rights, and concessions, truly and peaceably, freely and quietly, fully and wholly, to themselves and their heirs, of us and our heirs, in all things and places, for ever, as is aforesaid.

79. It is also sworn, as well on our part as on the part of the barons, that all things aforesaid shall faithfully and sincerely be observed.

Given under our hand, in the presence of the witnesses above-named and many others, in the meadow call Runnymede, between Windsor and Stanes, on the fifteenth day of June, in the seventeenth year of our reign.

.....So as we are first acquainted therewith, or our justiciary, if we should not be in England.....and in the same manner about administering justice, deforesting, or letting them continue.

### "The Pendulum of Politics"

This work reviewed in *The Social Crediter* of August 30 may be obtained through K.R.P. Publications Ltd., price 8s. 6d., postage 5d.

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## PARLIAMENT

(Continued from page 3.)

amounts to 48s. per case; whether it is a fact that the Ministry of Food's profit on this transaction approximates to 50 per cent., and whether in the opinion of His Majesty's Government this can be considered a fair and reasonable return in all the circumstances.]

*Lord Henderson:* My Lords, supplies of grapefruit imported into the United Kingdom from Jamaica are purchased from the Jamaican Government on an f.o.b. basis, and His Majesty's Government have no information about the price received by the growers. The Ministry's selling prices to wholesalers are based on the average cost of supplies from all sources, not from Jamaica alone, and the noble Lord will appreciate that, apart from loss arising from wastage, there are many charges to be met between the f.o.b. point and the point of sale by the Ministry; for example, freight, handling charges, insurance, inland transportation, overheads and agency expenses. There are, of course, further charges arising between sale to the wholesaler and sale by the retailer.

It is not a fact that the Ministry of Food is making a profit on this commodity of anything like 50 per cent. Final figures in regard to current purchases are not yet available and while the precise figure for such profit element as there may be cannot be stated, His Majesty's Government are satisfied that it is very reasonable in the circumstances. It should be borne in mind that on other citrus fruits the Ministry may incur some loss and it is the Ministry's practice to take account of the results of trading in citrus fruits as a whole.

*Lord Lyle of Westbourne:* My Lords, whilst thanking the noble Lord for his courtesy in the matter, is he not aware that I would not have asked this question had I not realised all these other costs which he has enumerated? Is it not a fact that even taking freight, insurance, delivery and all the costs which he has mentioned, the price delivered to the Ministry of Food in this country is 23s. 4½d.? Is it not a fact that His Majesty's Government sell to the first-hand seller at 36s.? Therefore, is that not approximately 50 per cent. profit? How does that tally with the declarations of His Majesty's Government as to profits which should be charged by private individuals? May I ask His Majesty's Government why they will not give the benefit either to the grower in the hard-pressed West Indies or to the consumer? Is it that they wish to make this high profit to hide various losses which they are making owing to the inefficient buying on other goods?

*Lord Henderson:* My Lords, I thought I stated quite definitely in my answer that the profit is nothing like 50 per cent., and I fail to understand why the noble Lord should base his supplementary on a statement which I have denied.

*Lord Lyle of Westbourne:* I would not for a moment impute any ill-faith, but the noble Lord challenged me. I have not been so foolish as to ask this question without knowing all these costs which I am giving, and perhaps he will deny them. I say that the price delivered over here is 23s. 4½d., with all these costs added, and I say that they are selling to first-hand sellers at 36s. I beg to apologise if I have seemed to be offensive because I did not mean to be.

*Lord Henderson:* All I can say to my noble friend is that I will bring these points to the attention of the Ministry. I am sure that the answer which I have given is based on the facts of the case.

## Restriction of Food

"If... the Government means what it says and if we are to be immune from perennial food crises, there will have to be radical changes in our rural economy. These changes will be in the direction of a land community of independent owners linked together by voluntary local associations. A yeoman peasantry must be re-born, backed by all the aids that modern research in the potentialities of the soil can give. Without such a peasantry maximum production is impossible."\*—*The Tablet*.

\* *Cp.* "The British nation does not work on her soil; she is prevented from doing so [our emphasis]; and the would-be economists complain that the soil will not nourish its inhabitants!" Also: "If the cultivable area of the United Kingdom were cultivated as the soil is cultivated on the average [author's emphasis] in Belgium, the United Kingdom would have food for at least 37,000,000 inhabitants, and it might export agricultural produce without ceasing to manufacture so as freely to supply all the needs of a wealthy population. And finally... if the population of this country came to be doubled, all that would be required for producing the food for 80,000,000 inhabitants would be to cultivate the soil as it is cultivated in the best farms of this country, in Lombardy and in Flanders, and to utilise some meadows, which at present lie almost unproductive, in the same way as the neighbourhoods of the big cities in France are used for market gardening. All these are not fancy dreams, but mere realities..."

The above opinion is that of P. Kropotkin (*Fields, Factories and Workshops*). Its date, 1897, and the state of development (scientific, not export) proper to that time, should be emphasised.—Editor, *The Social Crediter*.

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From K.R.P. PUBLICATIONS LIMITED,  
7, VICTORIA STREET, LIVERPOOL, 2.Published by the proprietors K.R.P. Publications Ltd., 7, Victoria Street,  
Liverpool, 2. Printed by J. Hayes & Co., Woolton, Liverpool.