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FOR POLITICAL AND ECONOMIC REALISM

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Mrs. Douglas

We are desired to publish "a little formal notice" emphasising the great number of letters and telegrams received directly and through the office of the Secretariat at Liverpool by Mrs. Douglas, whose letter to the Editor and readers of *The Social Crediter* appears on page 4. Mrs. Douglas hopes to be able to answer her correspondents later.

From Week to Week

The reader (and a Catholic at that) who attributed recent controversy to *The Tatler* said a lot.

As noted in these pages at the time, the Holy Father has himself protested against inattention to statements emanating from his Chair, called the Chair of St. Peter, and against misrepresentation of them by those who owe allegiance to the Church. The occasions were significant occasions. The incongruity between this fact of experience and the trust reposed in the ultimate unity of the Church is reflected in the incongruity we have just witnessed, through the incursion of the leading Catholic weekly review in England into finance-politics, and may arise from the same cause. It is not for us to define the cause. Unless we are greatly mistaken concerning the sphere of Theology, at some point or other gross dereliction from established principles of intellectual conduct, with whatever consequences and the more far-reaching the consequences, the more certainly, must have a theological implication. *Corruptio optimi pessima*. We are not, as we have said on occasion, theologians; but we are within our province in seeking to establish the point of the implication, if it exists. We shall seek to do so.

Those who recall the attack upon Social Credit in 1938 will remember that, whatever bewilderment it occasioned to some of the less competent, or less conscious, agents engaged, it was a masterly performance, timed exactly to coincide with the outbreak of a war which did not break out until a year later. But for Neville Chamberlain and his sudden detection of 'evil things,' it would have succeeded, for a time, and 'Social Credit' might now have been a forgotten phrase among the curiosities of political history. It isn't. During these years that are past, the agents of that time have not rested for an instant. They have gone from victory to victory. Their techniques have been perfected and their

range extended. They arrange for the downfall of states, the mergence and corruption of empires. The Vatican shudders as they provide for the Holy Church a fresh generation of martyrs. Their recipe is simple: merely the exploitation of human weakness and frailty in every form.

We notice (though we do not share) the slight suggestion of surprise which is beginning to mark the reception of the ascription 'impudent' to forms of behaviour. Impudence is becoming too common to notice, and to notice it is a little odd. Impudence is the tone and temperature of inferiority evading the natural restraint of superiority. We are not quite sure what a 'rubber' neck looks like; but we imagine it to be something which elongates. Necks which elongate seem to us to invite ridicule. And so (to us) a book by an anonymous freemason disguised as "Vindex" invites ridicule. We have no very strong reason for liking the Archbishop of Canterbury in excess of scriptural injunction, but when "Vindex" says, as is reported, that the Archbishop of Canterbury, who is a freemason, may resign from the Church of England if Freemasonry is declared incompatible with membership of it, we don't believe it. We ascribe it to sheer impudence, a characteristic, almost a racial, impudence. But aren't they getting away with it?

A letter to *The Times* of October 17, signed Henry H. Dale and Robert Robinson, deserves more than passing notice since it contains a clear repudiation of the doctrine of collective responsibility for individual decisions, which we commend to the notice of members of lesser bodies than the Royal Society, which is involved. The writers say they have no more authority to speak for the Royal Society than any of its other Fellows, and, comprehensively, that "The Royal Society for upwards of 200 years has consistently refused to accept corporate responsibility, even for papers published in its own *Transactions*, or to give a corporate opinion about anything." Perhaps the Executive of the B.M.A. will take note (and, of course, the Ministries).

It is noticed that the name of Mr. F. C. Jordan, while remaining on the Executive of the New Zealand Social Credit Association is also to be found on the Roll of the United Nations Association. Readers of *The Social Crediter* are well aware that the United Nations is just as much an incompatible of social credit as the Collectivism, etc., specified as such. Mr. Jordan is evidently one of those whose capacity to serve runs beyond the requirements of one master.

PARLIAMENT

House of Commons: October 14, 1952.

Dividends and Wages

Mr. Osborne asked the Chancellor of the Exchequer how much was distributed in dividends after payment of Income Tax during the last financial year; how much was paid in wages and salaries; and how much per week the total dividend distributions represent spread over the 23,478,000 total working population.

Mr. R. A. Butler: Estimates of dividends paid and of wages and salaries are not available for the last financial year. For the calendar year 1951, debenture interest and dividends on preference and ordinary shares paid by companies are estimated to have been £596 million before tax and wages and salaries £7,735 million. No estimate is available of the amount of Income Tax attributable to debenture interest and dividends. The total of £596 million, if spread over 23,478,000 persons, would represent 9s. 9d. per week per head.

Mr. Osborne: Is that figure of 9s. 9d. not misleading, in so far as the £596 million paid out by way of interest on dividends would be subject to the deduction of more than half for Income Tax and Surtax, and could the Chancellor give us the net figure?

Mr. Butler: It has taken me quite a long time to prepare that answer, but I will certainly see if I can improve upon it next time.

Mr. Erroll: Is it not the case that a large amount of debenture and preference interest finds its way back to the working population in the form of pensions scheme payments?

Mr. Nicholson: Would it extend the Chancellor's mathematical powers too much to ask him to break down that figure as between, on the one hand, debenture and preference shares, and, on the other, ordinary share dividends?

Mr. Butler: I will do my best to re-calculate, if not break down, the figure, if my hon. Friend will put down a Question.

Toxic Weed Sprays (Wild Life)

Mr. Hurd asked the Parliamentary Secretary to the Ministry of Works, as representing the Lord President of the Council, if he will ensure that the Nature Conservancy will be represented at the conference to be held by the British Field Sports Society on 21st October to consider the effects of toxic weed sprays and insecticides on game birds and other wild life.

The Parliamentary Secretary to the Ministry of Works (Mr. Hugh Molson): No, Sir. The Nature Conservancy are, however, already in touch with the British Field Sports Society about the subject matter of the conference.

Mr. Hurd: As there is widespread anxiety about the effect on wild life of these toxic sprays which are so widely used, would it not be well for the Government's scientific organisation—the Nature Conservancy—to send observers to this conference so that they have first-hand information?

Mr. Molson: The Nature Conservancy were among the

bodies invited by the British Field Sports Society to attend this conference; but as, with the sole exception of the Nature Conservancy, all those invited are voluntary bodies, it was obviously undesirable that the Conservancy should themselves be a party to the proceedings. The Conservancy, however, offered to discuss the subject matter of the conference, either before or after the conference, with such representatives as the British Field Sports Society might choose to appoint. This offer was accepted.

Licensed Premises in New Towns Bill—Report

New Clause.—(TIED HOUSES PROHIBITED IN NEW TOWNS.)

Mr. Geoffrey Bing (Hornchurch): I beg to move, "That the Clause be read a Second time."

. . . The object of the Clause, which stands in the names of my right hon. Friend the Member for South Shields (*Mr. Ede*), myself and other hon. Members, is to do away with the tied house. We suggest that we should do away with it as an experiment in the new towns.

In the opinion, I think, of every hon. Member on this side of the House, this is a very evil system, and the only defence of it which is put forward by right hon. Gentlemen opposite is that it is really impossible to sell drink without it.

. . . The new Clause which I am moving is drawn from a Bill which I had the honour to introduce but the misfortune, on a number of occasions, never to move. It is, as it were, a pilot scheme. I would be wrong if I said that my right hon. Friend the Member for South Shields is committed to such a revision for the whole country, but he, like me, thinks that it might be a good thing to experiment in the new towns. This Bill, which has been before the public for a long time, is criticised in identical terms. That is one of the most interesting features of this Bill—the identity with which people, whom we are assured never communicate with each other, speak on all questions that have to do with the licensed trade. This criticism is identical by three sets of people: by the brewers, by certain of the licensed victuallers and by the Conservative Party.

The brewers, one has no doubt, have every reason for their opposition. The opposition of the licensed victuallers is, at first sight, a little more difficult to see. If the right hon. Gentlemen opposite read—and I commend it to them, not only for its racing tips, for which I understand it is second only to the "Daily Worker," but for its general information—the "Morning Advertiser," the publicans' newspaper, they will see that in fact the Licensed Victuallers' Associations are in the pay of the brewers. It is difficult sometimes to get the actual figures. If one looks at the "Morning Advertiser" of 23rd July, 1952, one sees that the Aylesbury and District Licensed Victuallers' Association, a small body with only 152 members, got £3,000 a year from the brewers.

The question that every hon. Member on this side of the House must ask is: If 152 licensed victuallers in Aylesbury can get £3,000 from the breweries for passing a resolution condemning the free house, how much is got by those in the House of Commons who are in a position to implement the attitude taken by the brewers? Another question that we might ask is: If the brewers are so stupid as to

waste £3,000 of their shareholders' money on 152 publicans in Aylesbury and not pay anything to the fount of authority, are they not unfit to run public houses?

The question of the tied house is the touchstone of the good intentions of the right hon. and learned Gentlemen. Like other hon. Members, he will probably have taken a passing glance at the manifesto on which he was elected. He may remember the passage dealing with monopolies:

"We believe in the necessity for reducing to the minimum possible all restrictive practices on both sides of industry and we shall rely on a greatly strengthened Monopolies Commission to seek, and enable Parliament to correct, any operations in restraint of trade."

What could be a greater operation in restraint of trade than a tied house the license of which is restricted to people who sell only one class of commodity? . . .

. . . The second argument against the tied houses is merely that it provides bad service. Everybody knows of the inquiry which was made by Lord Balfour of Burleigh in the Royal Borough of Kensington. That was some time ago, and conditions have improved since. There was an inquiry in Bath in 1950 which showed that out of 156 public houses, 29 were re-selling drippings and overspill from glasses, without even bothering to use a utilisator to filter the beer, 64 had no means of sterilising glasses, 56 had no constant hot water, 18 had insufficient ventilation and six had no toilet accommodation. It was said that the general conditions in Bath were no worse than those anywhere else.

The next point is that they deny the people things which the ordinary person wants. Let us take the question of cider. There is no tax on cider, but in some mysterious way every time the price of beer has gone up the price of cider has also gone up. Even the licensees who are paid such large sums by the brewers cannot avoid protesting. I refer the Home Secretary to the "Morning Advertiser" of 9th July, 1952. In reporting a meeting of the Maidstone and Mid-Kent Licensed Victuallers' Association, it said:

"It was said that the brewery had decided to increase the price because it found that one of its houses sold nearly all cider but very little beer."

The reason for putting up the price of cider was to prevent people from buying cider.

Mr. Robert Boothby (Aberdeenshire, East): Why not?

Mr. Bing: We all congratulate the hon. Member for Aberdeenshire, East (*Mr. Boothby*) upon being one of the few honest Conservatives in the House of Commons. His interruption was typical of the honesty of his approach. The Report goes on:

"The tenants, however, had been obtaining this drink from another company which was very popular in the district."

What a terrible offence!

"A deputation of tenants explained this to the brewery. The brewery had told the cider company that they could continue to supply the tenants, provided the brewery was given so much for every gallon supplied."

This is rather like protection money which is collected in other ways. Yet this is the system which, in the name of liberty and doing down the monopolies, the right hon. and learned Gentleman is preparing to foist on the new towns.

It is the same with wine. I have here a letter—I shall not give the name of the writer because it might prevent his

getting other trade; judging by the agencies which he holds he must be one of the best-known wine merchants in the City of London—which says that a traveller has been told that from 10s. to 30s. per dozen more must be paid as a royalty if he supplies any houses in the Midlands or on the East Coast.

Now, for the benefit particularly of the hon. and learned Gentleman the Member for Hove, may I come to the question which I think is the most serious matter in regard to the tied house question, and one which I have not myself liked to raise hitherto, because I have not had or been able to get a sufficient analysis to prove my case. I am fortunate now in having a full report from a public analyst, and I am in a position to give the Committee and the hon. and learned Member for Hove the figures which he ought to have obtained a long time ago if he had gone into this question.

Let me say, first of all, to the hon. and learned Member for Hove that the tied house system is used to cheat the public by selling short measure. I will prove it to him in a moment. Secondly, it is used to defraud the Revenue by weakening and watering the beer. This is not done by an individual licensee but by the whole brewery concerns, some of the greatest names in the country, and this selling of watered beer by the brewery companies means that they are taking for themselves the money for the extra duty.

. . . There are great differences between beer. The advantage of the tied house system is to enable the more dishonest brewer—because there are degrees of honesty among brewers—to secure an outlet and prevent anyone from selling better beer anywhere around. This is well-known, because an analysis was made in Kent in 1951. I have here the report of *Mr. Strugnell*, and it shows that the gravities of beer—that is what tax is paid on—varied very considerably, by as much as nine or 10 degrees.

Unfortunately, *Mr. Strugnell*, for reasons of delicacy, did not in his report see fit to give the names of the firms who were doing these sorts of things. I am not under any similar inhibition. I had analysed by a public analyst—I suppose one of the best-known analysts in the country—five brands of beer, *Watney's*, *Meux's*, *Charrington's*, *Barclay's*, and *Taylor Walker's*.

I chose in each case the same beer, pale ale; I chose in each case a bottle which was brewery bottled so that there could be no question that it was a dishonest publican who watered it; I chose a half-pint bottle in each case and I paid in each case for it at the public bar. The price varied between 9½d. and 10d. and for the information of the hon. and learned Member for Hove, I bought it all in the area between Great Portland Street and the Charing Cross Road. Only one of those houses saw fit even to give full measure to the public, and that was *Taylor Walker's*. As to the other brewers, *Barclay's Brewery*, by selling short measure, were making 15s. a barrel and *Meux's* were making 13s. a barrel.

(To be continued).

THE SOCIAL CREDIT SECRETARIAT.

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Saturday, November 1, 1952

Douglas on Directions

In the middle thirties, when all the North could do was to throw herrings back into the sea, Major Douglas's works and movement gave a brilliant light to one who was suspicious of socialism. I was soon privileged to hear C. H. Douglas at Newcastle, where a virile Social Credit branch organised a large meeting. He told the audience that if anyone wanted to travel to London, he would be foolish to catch a train to Edinburgh.

Ever since—years before as well—Major Douglas warned against moving in the wrong direction: even some social crediters have considered that they knew more about social credit than its founder: but the Gadarene slope has been tilted, almost to a sheer drop.

In correspondence too he has distinguished the directions:

“ . . . all education is part of all religion, and entirely *ultra vires* of the State.”

“ . . . in effect, if not in technique, money must originate in the individual, so that the central power has to come for him for it.

“ This curious craze for ‘all State’ money is wholly disastrous.”

On the overall situation, he wrote with tremendous power:

“ It is clear beyond all question that the gates of hell are wide open, and the torrent of evil will sweep away anything not intrinsically stronger than evil. . . .

“ You know that long-distance pilots mark on their course-charts ‘the point of non-return’—where you must go on because you cannot return to your base.

“ The devil has passed the point of non-return and we had better recognise it.”

In a few pithy letters, Major Douglas mentioned the state of the Church more than once:

“ . . . the fortunes of the Scottish Episcopal Church are at a low ebb, like those of the gentry who were its mainstay.

“ For my own part, I am more and more struck by the skilful identification of Christianity with the cult of failure.” It may be recalled that he elsewhere noted the mediæval distinction between profit and usury.

I do not see why it should not be mentioned that Douglas's *Realistic Position of the Church of England* was sent to all the bishops at Lambeth assembled in 1948. They did not respond very much, but it was interesting. In a covering note I mentioned that in observing the centenary of F. D. Maurice and Charles Kingsley, we were considering

prophecy; and that in Major Douglas, the twentieth century had its genuine prophet. Tragically enough, the Church has not got solidly behind this prophet, and has looked disastrously in the wrong direction, the State.—H. SWABEY.

A Letter from Mrs. Douglas

We have received the following letter addressed to the Editor and Readers of *The Social Crediter* by Mrs. Douglas. We again express our regret for the delay which has occurred in communicating it to our readers:—

It is a comfort to me to dwell in thought on the love and loyalty given to Douglas through his long adventurous years of battle, and to remember the great sacrifices made, the steadfast work and toil given by many which so helped him to send his ideas out into the world and establish them for ever.

I have received letters hoping that this great love you bear to him may find some expression in a memorial service. In this matter you alone must judge. We believe we were carrying out his wishes in having a private funeral although by so doing you were denied the solace of gathering together on that day and hearing those beautiful words of comfort pronounced at his graveside. This is a grief to me. The dictionary tells us: MEMORIAL—that which preserves remembrance.

Our hearts preserve the memory of this great man for ever.

I would take this opportunity of thanking you for the gifts sent to him in profusion, especially of late, beautiful fruits and many wisely selected luxuries coming constantly from overseas and from those at home, cheering us both and the cupboard shelves and our board. Also for the un-failing help of our kind neighbours, while realising that Douglas was here to seek that peace and solitude he felt to be a necessity.

I believe it was Douglas's intention to make an announcement in *The Social Crediter* naming Dr. Tudor Jones, his Deputy Chairman, his successor at his death, to carry on the official Social Credit Movement as Chairman of the Secretariat, and asking you to give to him the loyal support, so much needed in bearing the great burden of this responsibility. There is no draft of this. The decision of the specialist and the urgency of his removal to the nursing home came upon us.

In thinking of the future I remember the Social Credit form of “Trench Warfare”: the immediate objective, the first trench attacked and overcome, then the advance to the next; and I remember Douglas dwelling on one vital prior essential: a force united and of single purpose.

And now let me thank you and tell all of you mourning so truly with me that your thoughts and words and prayers help and support me.

EDITH M. DOUGLAS.

The Resting Place

We believe we are right in saying that the site of Douglas's grave at Kenmore is that chosen by the late Lord Macmillan for himself, and reserved for him, but when he came to die not so long ago he was buried by mistake in his father's grave close by.

"The Tablet's" Article

Following is the text of the article to which reference was made in *The Social Crediter* for October 18. *The Tablet* for the same date published two letters strongly criticising Mr. Paul Derrick's statements and the following: "Mr. Paul Derrick writes: 'I have read these letters with interest. They raise issues upon which I did not touch, but I am not led to modify what I did write. I understand that my article is being reprinted and annotated in at least one organ of the Social Credit movement, and no doubt the discussion can be resumed in those pages.'" We tender our apologies to those readers of *The Tablet* who may be seeking vainly among the numerous 'organs' of the Social Credit movement in this country for the unmentionable one. *The Tablet* is particular that our reprint of Mr. Derrick's work should be duly attributed to the journal containing it. Having no motive for concealing it, we repeat that it is *The Tablet*:-

THE LATE MAJOR DOUGLAS

HIS CONTRIBUTION TO ECONOMIC THINKING

BY PAUL DERRICK

Major C. H. Douglas, who died last week at the age of 73, probably exercised more influence upon the economic thinking of our times than most of his followers would be prepared to recognize. His theories were rejected as fallacious by every orthodox economist—and by a good many

(Continued from column 2.)

The idea is very simple. [1] In the case of any particular firm the income distributed in wages, salaries and dividends will be insufficient to buy the goods produced, because they will have to be sold at a price high enough to cover the cost of raw materials as well as wages, salaries and dividends. In any particular firm personal income distributed will be insufficient to buy the product because of the cost of raw materials; personal incomes will fall short of prices. Therefore, argued Major Douglas, in the country as a whole, total personal incomes will fall short of total prices, and the result will be shortage of purchasing power, depression, and unemployment.

In order to maintain demand and employment, [2] it was, therefore, necessary for the Government to inject a continuous stream of new money into the economic system by the distribution of so called "consumer credits," or agents to all citizens, by the payment of a "National Dividend." Any tendency towards inflation would be offset by a "scientific price adjustment" or "price discount," prices being kept down by the Government [3] paying part of the price. It was an attractive idea, and no doubt helped to sweep the Social Credit Party of Alberta to power in 1935 on a promise of £5 a month for every citizen.

It was a plausible theory, too, in the depression of the 'twenties, when Britain was trying to return to the Gold Standard, and in the great depression of the early 'thirties. Indeed, the kind of policy [4] then advocated by the Social Crediters is recognized by those who are now orthodox economists to have been sounder than what was then ortho-

unorthodox ones too; but his insistent emphasis on certain ideas now accepted by orthodox economists which were far from being orthodox in the 'twenties probably had an important effect upon the development of the ideas of many who rejected his basic theory, and, indeed, upon the policies of other Governments as well as that of the Province of Alberta.

Major Douglas was born in 1879, was an engineer by profession, and served as Assistant Superintendent at the R.A.F. factory at Farnborough during the first World War. He first set forth his ideas about monetary reform in an article which appeared in *The English Review* for December, 1918, and in his book *Economic Democracy*, which appeared in the following year. He developed these ideas in numerous books, such as *Credit-Power and Democracy* and *The Monopoly of Credit*, and in the pages of the *New Age*, under A. R. Orage; but the basis of his argument, the A + B Theorem, is, perhaps, most conveniently summarised in *The New and the Old Economics*, where he wrote:

"The payments of a factory or other productive organisation may be divided into two groups: Group A—all payments made to individuals in wages, salaries, dividends, etc.; and Group B—all payments made to other organisations for raw materials, bank charges and other external costs. The rate of flow of purchasing power to individuals is represented by A, but, since all payments go into prices, the rate of flow of prices cannot be less than A + B. Since A will not purchase A + B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A."

(Continued below line in column 1).

Annotations

[1] If the idea is simple, why re-present it in a form which, even if correct (which it is not), makes it unsuitable for application in the practical world? Raw materials are not the only source of purchasing-power deficiency. "Categorically, there are at least 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). (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." (*The New and the Old Economics*, p. 19.)

[2] The paragraph dishonestly represents the objective of Social Credit as being the work-state. This is the objective, alternatively, of governments subservient to High Finance or of High Finance defined as "the business, art, or science, of manipulating the money system to obtain political or economic results." (*Warning Democracy*, p. 50.)

[3] Governments never pay anything.

[4] *Kind of policy?* As one should say that the Catholic Church and Football Pools have the same *kind* of policy because both are directed towards providing the individual with what he deems to be the means of his salvation?

(The article continued.)

(The annotations continued.)

doxy. Mr. Churchill has since recognized that it was a mistake to have tried to return to the Gold Standard in 1925, to have adopted a deflationary policy which necessarily tended to bring current prices down below past costs and cause depression and unemployment; while if the advice of the Social Crediters had been taken at the time of the great depression it is probable that that disaster would to a large extent have been avoided. [5]

The orthodox economists argued at that time that it was the duty of the Government in such difficult times to economise, to cut down expenditure and to save the pound. The proposal to cut unemployment benefit caused a revolt in the Labour Party. The Social Crediters replied that at that time the trouble was not "too much money chasing too few goods," but "too little money chasing too many goods." There was poverty in the midst of plenty, they said, and the trouble was that there was too little money in the hands of the consuming public to buy the product of industry at a price which would cover the cost of production. [6] Increase the supply of money, they argued, and demand and employment would be restored. They never tired of repeating that it was essential that the supply of goods should be balanced by an adequate supply of money; and it is now generally recognized that they were right [7] in this, if mistaken in their analysis of the origin of the deficiency in demand.

They were right about many other things too; for instance, in insisting that the Banks "created money," as against the view of Edwin Cannan and other orthodox economists of the 'twenties that they did not. It is now recognized that the Banks do, in fact, "create money"; that, as Reginald McKenna put it to the shareholders of the Midland Bank, "every loan creates a deposit"; when a man is credited with a sum of money in the books of the Bank it increases the volume of money in circulation. R. G. Hawtrey then Assistant Secretary to the Treasury, agreed with Douglas in this in a broadcast in 1933; but there were many who did not. Here also the Social Crediters led the way to what has since become orthodox. [8]

The Social Crediters were sound, too, in many other things—as in their agricultural policies. [9] If they had not been they would not have been returned with a larger majority in 1940 in Alberta, in spite of the Government of Canada blocking their attempt to put their theories into practice and in spite of the failure of the £5 a month to materialize. If the Social Credit administration in Alberta had not proved itself competent and popular it would not have been returned again with an even larger majority—fifty-one seats out of fifty-seven—in 1944, and again, once more with a substantial majority, this year. And it would not have emerged as the largest party in the recent elections in British Columbia if it had not had substantial achievements to its credit in Alberta.

At the same time, the fallacy at the root of Social Credit is extraordinarily simple, as Douglas Jay [10] and other economists have convincingly demonstrated. It is true, as Major Douglas argued, that the money which a firm distributes in wages, salaries and dividends is insufficient to buy the product owing to the cost of raw materials. But it is not true that all personal incomes are necessarily and inherently insufficient to buy the goods produced by industry.

[5] Not a minor admission, surely, but see (6) *infra*.

[6] If only to relieve the monotony of a succession of pointers to what is in substance the same misrepresentation, may we say concerning "the Social Crediters" that, whatever part they may have played, and must play, they really had nothing to do with it. Like all the outstandingly great and important original conceptions of the past, Douglas's was, in its origins an intuition not of an isolated fact among a number of other facts, but of the nature of the relationship connecting *all* facts relevant to a particular sphere of human experience and interest. There is nothing paradoxical about the assertion that it was not necessary that *all* the facts should be known to him or present in his conscious mind at once, or at all. Whatever they were, are or shall be, when made manifest, they take up their right positions in the *nexus*, which has thus been 'revealed.' There is no difference in *kind* between one revelation and another: they are revelations of Reality, of Truth as distinct from and transcending "truths," of God. It is absurd to try to belittle Douglas by such remarks as that "he admits that this or that was noticed by this or that before him." The *nexus* of things political and economic was discovered *by* (or revealed to) Douglas. His followers may agree to look at the face of it; his enemies (and man's) may decline. What neither can do is to alter the face of it. If they try to do so, it is at their peril. Few are more certain of the consequences of rejecting Truth than the best of the readers of *The Tablet*. It is regrettable that the competency and the integrity of some of its contributors contrast so strongly with those of its partisan contributors. Truth is not susceptible to partisan exposition.

[7] Another *argumentum ad hominem*.

[8] See (6) and (7).

[9] Unless the reference is to "Proposals for a Solution to the Land Question" [eight in number, forming a chapter in "The 'Land for the (Chosen) People' Racket"—1942], which would convict Mr. Derrick of understanding in excess of his pretensions, we miss the point.

[10] The Labour politician? Why a new jockey for an old mount? No economist, nor anyone else, orthodox or unorthodox has refuted Douglas's thesis. Is Mr. Jay now groomed as the next 'Labour' Chancellor?

The conventional recipe for 'refutations' of Social Credit is avoidance of direct citation of any complete statement of his thesis by Major Douglas, the critic thus obtaining freedom for himself to state his own view of the central features of Social Credit technics in a form adapted to his own purpose. Every instance which has been brought to our notice has been challenged, leading invariably to the retreat of the critic upon an irrelevant pretext. This is not 'refutation,' nor is it honest criticism.

(The article continued.)

They are insufficient to buy *all* ^[11] the goods, but they are sufficient to buy the "consumption goods"; that is, the kind of goods on which personal incomes are spent. The employees of a machine tool factory will not be able to buy its products; but then they will not want to, ^[12] as they will not want to spend their wages on machine tools.

Nevertheless, the shortage of purchasing power, the deficiency in demand to which the Social Crediters so strenuously drew attention, was a reality. J. M. Keynes provided a more convincing, ^[13] if more complicated, explanation in his *General Theory*, with the "rate of saving" tending to exceed the "rate of investment" instead of personal incomes necessarily tending to fall short of prices; and Governments adopted his advice and were successful in maintaining demand and employment by deficit expenditure. But it was Douglas who showed the way and proclaimed the right kind of remedy in the depression, when the Bankers and economists were wrong.^[14]

By the time of the publication of the White Paper on Employment Policy in 1944, Keynes' ideas had become orthodox in place of those of Montague Norman. The White Paper insisted that the "first step in a policy of maintaining general employment must be to prevent total expenditure from falling away." "For the purpose of maintaining general employment it is desirable that public investment should expand when private investment is declining." Sir William Beveridge, in *Full Employment in a Free Society*, went further, and argued that in peace, as in war, Government expenditure should be increased as far as might be necessary to maintain full employment.^[15] Others as well as the Social Crediters are now aware that employment depends upon demand.^[16]

Today we are no longer faced with the problem of poverty in the midst of plenty, goods in the shops and people without the money to pay for them. Instead we have "too much money chasing too few goods," and appeals for restraint

(The annotations continued.)

^[11, 12] We wonder what would be the security of many simple propositions of physical science, *e.g.*, the relationship between the volume of a cone and its height and base-radius, or between the time of oscillation of a simple pendulum and the length of the string which holds the moving mass, if their demonstration were commonly attempted in an atmosphere dense with the fumes of blind ignorance agitated by the din of partisan argument, the booby prizes being the best offered. However this may be, the confused, misleading and scanty exposition of this paragraph and the one which follows it (*e.g.*, "the shortage was a reality") suggest that the writer agrees that there is a part of total production (involving the whole paraphernalia of human labour, financial costs, *etc.*, *etc.*) which current purchasing power is insufficient to buy even if those amongst whom it is distributed wished to buy it. He says they don't wish to buy it; but he neglects altogether the profoundly important consequences of the fact as stated on the economic life of the community. This is what comes of beginning the analysis at the wrong end. Visit the International Motor Show at Earl's Court, and see, side by side with what consumers "cannot (but do not wish to) buy" an exhibit of what would-be consumers "cannot (but *do* wish to) buy." Add the increasing range of consumable goods (increasing according to plan) which consumers "cannot buy (but wish to buy, have always wished to buy and were once able to buy as they wished)." Consider further the *ratio* between the sum of all these produced goods and those which Mr. Derrick would place in the first category, and, by way of Douglas's clear statement of stark fact, an insight can be gained into what is occurring in economic and political life. The fact that no one "wants to buy" an atomic bomb, whether for £100,000,000 or at a considerable discount, does not mean that no one owns it, does not mean that it has not cost sweat and blood to produce, and does not mean that the financial cost is unrelated to food shortages and high prices, deprivation and real poverty "in the midst of plenty."

The essence of the existing money system is that it creates an artificial scarcity of purchasing power on the one hand, and places the power to relieve this scarcity in the hands of an international organisation on the other hand. One, perhaps the chief, use of this power of relief is through the financing by bank credit of a constantly accelerating expansion of industrial plant (making things which Mr. Derrick 'does not want to buy'), to distribute as wages and salaries an insufficiency of purchasing power for the shrinking consumption market. This is the Work State, Socialism, the subordination of the individual to an abstraction. The true objective of a production system is not work but product, and the true aim of a money system not government but distribution.

^[13, 14] There is more than one reason for preferring complication to simplicity. Keynes knew and confessed that Douglas was right. How much misery has been caused by his grudging concession and by the tardy recognition of others?

^[15] Again "full employment" is not the true objective of a money system. We are not concerned with *why* the account is cooked, but with the fact that it *is* cooked. The

(The article continued.)

in wage claims in the face of rising prices; in a word, inflation. It is sometimes said that inflation is the price we have had to pay for full employment.^[17] And it is, perhaps, not too much to say that this situation has been produced by the application of something very like Social Credit policies.^[18]

In 1946 the Bank of England was nationalised, and was in a position to exercise just as effective control^[19] over credit policy as the "National Credit Office" demanded by the Social Crediters. And the Government and the Banks *do* in fact try to balance the incomes distributed against the goods produced so that the incomes are sufficient, and no more than sufficient, to buy the goods. They do try to ensure that total consumer incomes balance total retail prices.^[20]

And the same time the Welfare State has been developed to an extent which goes a long way towards meeting the Social Crediters' demand for a National Dividend.^[21] There are, for instance, Family Allowances, a National Assistance Board to help those in need, pensions and benefits of many kinds and, a free National Health Service. It would be a development of the same kind^[22] of idea to pay everyone a cash National Dividend, as advocated by Lady Rhys Williams and others. It is a true and important difference that the benefits of the Welfare State are not mainly financed by new money, but from taxation. But there is an element of new money.^[23] The excess Government expenditure of £276 millions during the first six months of this year, for instance, has no doubt done something to stimulate demand.

Thirdly, there is the Price Discount. The idea of paying subsidies^[24] in order to keep down the price of food was taken direct from the Social Crediters. Deficit expenditure, during the war and since, has maintained something like full employment^[25]; but at the same time it has necessarily tended to create an inflationary situation in which food prices tend to rise. The Government has therefore kept down food prices by the payment of a price subsidy; which is exactly what the Social Crediters proposed to do in their Price Discount. The three demands of the Social Crediters have to a large extent been met by post-war Governments.^[26]

Ideas first popularized by Major Douglas and the Social Crediters have thus made a considerable contribution to governmental policy.^[27] All the experts have said that their theories were fallacious; but their recommendations have to a large extent been acted upon.^[28] The result has been full employment,^[29] accompanied by inflation and balance-of-payments difficulties. It can be argued, and has been argued by many, that inflation is preferable to mass unemployment. But these policies have not produced the Plenty^[30] about which some Social Crediters liked to talk—at any rate in Britain, whatever may be happening in booming Alberta. In their talk about plenty and the possibilities of power production, some Social Crediters were apt to be as optimistic as the Socialists once used to be. Whatever mistakes the Social Crediters may have made, they were never depressed; and, though their advice for dealing with the depression was not taken, they may have helped to lighten the load by bringing hope to the hungry.

(The annotations continued.)

order of Society should not rest and ultimately cannot rest on a fraudulent basis.

[16] *Vide supra.*

[17] *Vide supra.*

[18] Since Mr. Derrick is so demonstrably misled or misinformed concerning the nature of Social Credit policy, is not this identification to say the least risky? "The situation" has been produced by steadfast persistence in the use of money for political purposes, and chief among those purposes the promotion of world revolution with a totalitarian objective.

[19] The 'National Credit Office' was a slogan of the now defunct 'Greenshirts,' resurrected during recent weeks by the newspapers as the main item in a scheme of misrepresentation. It is possible that they envisaged themselves as a controlling intelligentsia. We don't. The Bank of England's control is an arbitrary, political, control. The relationship between Social Credit technics and control is not essentially different from that between a barometer and the weather.

[20] They should try harder, and without fixing totals before-hand.

[21] As indicated generally in his diatribe, Mr. Derrick is a Socialist (of whatever political party), who cannot, or does not, or will not distinguish between the state of a not-too-well-fed slave and a state of freedom and responsibility exercised in conditions reasonably free from foul-play against the individual performer.

[22] See (4) *supra.*

[23] "New money"? We recall Lady Rhondda's account of her invariable custom to "Admit freely what is already known."

[24] Inherent in this notion of subsidy is robbing Peter to pay Paul. It is probably truer than many realise that our fantastic Budgets do not reveal to what an extent costless financing is now resorted to. (*Vide* Mr. Churchill to whom "it was a surprise to learn that £100,000,000 could be expended without even the knowledge of Parliament.")

[25] See (15) *etc.*

[26 to 29] Chiefly (28): Experts should not, in any case, "act upon fallacious theories," nor in fact did they do so. A *perversion* of Social Credit has been very extensively applied. Disastrous consequences arise from the perversion.

[30] "Plenty" is producible, when it is producible, by the correct application of appropriate means. What happens to "plenty" under financial administration of the kind we are subjected to is that it disappears, as at present.