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THERE IS NO MONEY! AN ECONOMIC FABLE

"There is no money!" We hear the cry repeated ad nauseum by virtually every government in the world.

In a variation of the theme others cry "but where's the money to come from?" when there is some proposal to spend money on public services or infrastructure with which they do not agree. And though the general public might argue about the way in which available funds are allocated, they almost always feel bound to accept that indeed "there is no money" to meet the costs of all that might be desired.

Its alleged scarcity is then advanced to persuade us that housing cannot be provided to house the homeless; new schools cannot be built nor can existing ones be fully brought into a good state of repair; other necessary infrastructure cannot be afforded or can only be created by involving private finance; health care must be rationed and provision for the old or infirm must increasingly come from private insurance or other privately sourced funding.

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No matter that there is plentiful labour, resources and technique, there simply is "no money" with which we might ensure that what is physically possible is also financially possible.

Most of us find it difficult to accept this interpretation of events but we don't know how to challenge it. Only those who feel most strongly about one or other of the resulting problems refuse fully to acquiesce. In great numbers they form or join voluntary organisations - Shelter, Christian Council for Monetary Justice (CCMJ), Christian Aid, Friends of the Earth, Scottish Education and Development (SEAD) - and myriad others, to lobby and plead for special priority and resources to be allocated to their respective special interests.

> *"There is no good reason why that which is physically possible and desirable cannot also be made financially possible."*

Such a response simply confirms that there is probably no more universally accepted proposition regarding money, than that it is self evidently scarce.

And yet that is a fallacy!

There is no good reason why that which is physically possible and socially desirable cannot also be made financially possible.

Money is not a commodity and it need not be "scarce". It ceased even to be linked to a commodity when the world's governments finally went off the gold standard in the 1930s.

Today there are essentially two kinds of money :

1. **Legal tender** which is comprised of notes and coins produced on the instruction of government. It is created at a cost which is insignificant in relation to its face value. Such money however is created essentially to prime the fractional reserve debt-money system and represents only a small part of the money actually spent by government. The balance comes from taxation and from government borrowing from individual savers and the *borrowing of money created out of nothing by commercial bankers.*!

2. **Bank created money** or credit. When banks create their "cheque-book" money, at virtually no cost to themselves, they do so on the basis of the fractional reserve system which the whole world uses and which is unsustainable.

Banks simply do not operate in the way that they are widely understood to operate. They do not lend legal tender money which is deposited by their customers. Instead they use these deposits as a basis on which to create "out of nothing" large amounts of "cheque book" money.

When legal tender is introduced to the economy through government expenditure or the purchase by government of its debt paper, it is in due course deposited in private bank accounts. These deposits of legal tender then represent commercial *bank reserves*. On the basis of these reserves and due "prudence" banks may create, by a simple "bookeeping" procedure and mainly in the form of loans and overdrafts, up to some nine times their reserves! Loans and overdrafts so created are issued only in the form of interest-bearing debt which the bank considers it owns and which must

be repaid with interest. When the loans and related interest are repaid, the loans are cancelled in the "books" of the bank and the "money" which they represented disappears from the system. The interest accrues to bank profits.

Although standard economics textbooks are almost universally vague or ambiguous about this process, confirmation of its nature may be found in *Elements of Banking*, a book designed "*specifically to meet the requirements of the Institute of Bankers Banking Certificate*". The authors demonstrate the process when they confirm that, following "a deposit by Mrs. A of a genuine sum of money, £1,000 in notes and coins" it is possible that the bank -

a. . . *can lend £700, since we are keeping 30% of the deposit in liquid form* (the authors use a 30% reserve ratio rather than the more usual 10%) - *this is the simple view of bank lending.*

OR

b. We can ask ourselves, "*of what sum does £1,000 represent 30%? The answer is £3,333.33. It is therefore possible for us to have deposits of £3,333.33 if we can find the borrowers. This is the sophisticated view of banking*". (1)

On the basis of the now more usual fractional reserve ratio of 10% a private bank, having received a deposit of £1,000 of genuine money, may actually create up to a further £9,000 which is "totally imaginary money." (2)

As that money is lent into circulation and is deposited in other banks they too use the new deposits as reserves on which to create yet further money. It is this process that ensures that of the total money supply in a modern economy, over 90% is bank created debt-money. Only the balance of less than 10% is legal tender created by government!

As we have seen it is created largely by private interests by a simple "bookeeping" exercise. There is absolutely no reason why it should be scarce and governments should never need to borrow money to fund public services.

The problem with the current system is not simply that commercial bankers exact from the community a tribute, by way of interest, which they have no right to in equity. It is that the process ensures escalating levels of total debt and an inescapable drive for exponential growth on a global basis.

Escalating debt and the imperative to economic "growth" reflect the fact that in each production period it is impossible to purchase the goods and services produced with the wages, salaries and dividends distributed in the same period. C. H. Douglas advanced his A+B theorem to explain why this must be so but it was, and still is, much criticised by orthodox economists. There are a number of factors - saving (hoarding), profit, interest payments, capital depreciation costs etc., that help ensure the deficiency of purchasing power identified by Douglas. But if we simply consider the role of *interest* in the production process we might get a glimpse of why his proposition is correct.

When entrepreneurs borrow in order to start or expand a business it is required that they repay the loan plus interest. Both must be accounted for in the market price of their output. But when the bank creates money to lend to entrepreneurs they do not create any money with which the interest might be paid. There must, therefore, be a deficiency of purchasing power in the economy, during the relevant period, of *at least an amount equal to the interest due on the total debt.* This deficiency may be *temporarily* made good in a number of ways.

The most common is by further borrowing to allow a further and expanded round of production. During this further round of production, wages and salaries are again distributed in advance of the new goods or services appearing on the market. Previously accrued surpluses may, therefore, be cleared. But when the new goods do appear in the market there is an even greater deficiency of purchasing power and a further expanded round of production must follow.

It is only such borrowing by governments, business and consumers against future income, that temporarily allows the economy to function with any semblance of "efficiency".

This process led Gorham Munson to suggest that "to enjoy the products of Factory 1, the public must build Factory 2; to enjoy the products of Factory 2 the public must build Factory 3 and so on ad infinitum". (3)

The result is an unsustainable and international imperative to exponential "growth" of output and of debt.

The following statistical table detailing the actual behaviour of the global economy over time amply confirms the proposition.

UK NATIONAL DEBT/CONSUMER DEBT IN £ BILLIONS
(Source: Annual Abstract of Statistics 1987 & 1996 and Blue Book1995)

	1976	1994
Central Government Debt	**53.2**	**283.6**
GDP (Output)	**125.3**	**668.9**
Government Debt/GDP ratio	**42.4**	**42.4**
Debt Interest	**4.5**	**21.3**

	1976/77	1994/95
Consumer Debt	**3.4**	**58.3**
Debt/GDP ratio	**2.7**	**8.7**

NB 1. Government debt is calculated after receipt of revenue from proceeds of massive privatisation programme.
NB 2. Each £2 Billion paid by Government in interest is approximately equal to 1p in 1996 standard rate of income tax.

GROWTH OF DEBT IN LESS DEVELOPED COUNTRIES IN $US BILLIONS

	1970	1989
Total External Debt	**68.4**	**1,262.8**
Debt Service Payments	**11.0**	**158.8**
Debt/GDP ratio	**13.3**	**34.5**

Against this background of a fundamentally and dangerously flawed international debt-money system, those in the voluntary sector conduct their struggle and the rest of us look on with a sense of helplessness as the global socio-economic crisis deepens.

And yet it need not be so.

There is no good reason why money should be created by private commercial banks rather than by the State. And there is no reason at all why money created, interest free at source, by a State Agency need be inflationary. With reform of the monetary system and the introduction of other Social Credit proposals (see p. 21) the cry "there is no money" need never be heard again and *what is physically possible and is genuinely desired by individuals in the community - housing, education facilities, comprehensive healthcare, a healthy environment etc. - should always be financially possible.*

Notes:

1. Hoyle and Whitehead, Elements of Banking (1989), Butterworth and Heinemann. pp19/22
2. G. Whitehead, Economics (1990), Butterworth and Heinemann. p369
3. William Hixson, A Matter of Interest: Re-Examining Money, Debt and Real Economic Growth (1991), Preager Westport. p19

INFLATION – BANKING ON INDEPENDENCE

The speed with which New Labour began to act on its manifesto promises took even the most experienced commentators by surprise. Astonishment was even more universal when, within just five days of the May election, it was announced that the Bank of England was to be given independent control of interest rate policy. There had been no such commitment in their election manifesto.

Certainly government will continue, for the time being, to be responsible for setting the inflation target which the Bank must now ensure is met. But it is a requirement of the Maastricht Treaty that setting the target must also become the responsibility of the Bank before the UK can join EMU, and it may not be too long before that next step is also announced.

Meanwhile with the attention of the Bank, Ministers, politicians and economists, now focussed on inflation as the chosen key indicator of economic performance, there is the basis for a very important debate even in advance of that which will attend any subsequent move towards full independence for the Bank.

Some important questions about the origins and impact of inflation in the economy and the related role of the central bank are now relevant. Questions such as:

What is causing inflation; who benefits and who suffers; how can we best contain inflation; what has been the experience of other countries where inflation has been put at the centre of economic policy and where central banks have been accorded the role of ensuring price stability?

THE CAUSES OF INFLATION

When economists consider inflation they may do so in the context of "cost-push" inflation which results from some price shock such as that of the 1970s when Western economies were hit by the sudden and dramatic rises in the price of oil on world markets. They may refer to the impact of "expectations" - the idea that current inflation leads workers and entrepreneurs to ratchet up their wage claims and prices in advance of further expected inflation.

But generally when inflation is raised by politicians or media commentators, and even by many economists, it is almost always the idea of demand-pull inflation they have in mind.

The implication is that the level of total effective demand is greater than total supply and this is simplified further as "too much money chasing too few goods".

It is usually associated with the idea of full employment of labour and other resources and with the proposition that, in the short run, it is impossible to increase output. Excess demand therefore can only result in an increase in the price level.

But it must be obvious to any interested observer that those conditions do *not* currently apply to the British economy. We note instead escalating levels of poverty and homelessness and 1.6 million people who wish to work but are *officially* unemployed. Even greater numbers are working only part time or on "contract" and on very low wages. Simultaneously businesses, involved in the creation and sale of almost every conceivable product or service, are desparate to sell more. Daily every household in the land is inundated with "junk mail" and credit inducements to spend, and especially to borrow to spend, on surpluses that cannot be sold otherwise. Winter and Summer Sales now seem to meet each other in Spring and Autumn and the drive by virtually every country in the world to export surpluses has rarely been more agressive.

> *"The implication is that we are producing more goods and services than we can consume, even when several million willing workers are unemployed or under employed!"*

If inflation really is a problem in this context, then clearly it simply cannot be because there is an excess of effective demand.

What we appear to have is an excess of supply!

The implication is that we are producing more goods and services than we can consume, even when several million willing workers are unemployed or under employed!

Such a proposition is entirely consistent with the phenomenal acceleration of technological innovation, especially over the last few decades. Alas the resulting unemployed earn no wages or salaries and so are unable to buy the abundance which technology makes possible.

If then our current problem ist *not* "too much money chasing too few goods", why should there be concern about the prospect of inflation? After all technological advance, involving the production of more goods with less inputs and lower related costs, should ensure *falling* prices rather than inflation. Any lack of effective demand should simply magnify that fall.

It might be instead, that inflation in those circumstances reflects increasing levels of business taxation which is being passed on in prices, or the impact of taxes applied directly at point of sale. It might reflect inappropriate comparisons in the "basket" of goods on which estimates of inflation are based.

It may result from increasing debt and related interest levied by commercial banks or increased interest rates set by the Bank of England in an attempt to curb inflation! For increased interest charges, though certainly tending to reduce demand, must also eventually be passed on into consumer prices.

And it is to *bank interest, and the operation of the fractional reserve banking system*, that we should look for an explanation of the underlying inflationary trend we have experienced almost without respite over the last 300 years at least, *despite every effort to prevent it.*

As we have noted elsewhere in this issue, the fractional reserve banking system results in over 90% of the nation's money supply being created by private commercial bankers who then lend it into circulation *only in the form of interest-bearing debt.* We also note that when a loan is created there is no creation of money with which the interest on the loan might be paid.

The result is that total prices in the economy, which must include this

interest element, are always greater by *at least that amount* than the total purchasing power distributed as wages, salaries and dividends during the production of the related goods and services. With each new and expanded round of production the level of total related debt in the economy grows. And since this debt burden must progressively be included in

> *"Income of proprietorships and partnerships increased by a multiple of 11.1 while their debt interest payments rose by a multiple of 111.3."*

production costs and therefore prices, inflation is inevitable.

The long term effects of the process is graphically recorded by William Hixson in his brilliant book *A Matter of Interest: Re-Examining Money, Debt and Real Economic Growth* (Preager).

He notes there that in America the "*income* of proprietorships and partnerships increased from $36.0 billion in 1947 to $401.9 billion in 1987 (*a multiple of 11.1*) while their *debt interest payments* rose in the same period from $0.8 billion to $89.0 billion (*a multiple of 111.3*)! (emphasis added)

In the event that taxes are introduced or interest rates are increased in order to counter inflation, they must instead aggravate the situation and the result is almost bound to be contrary to that intended by government or central bank.

No matter then, that there might be a variety of factors that aggravate inflationary pressure from time to time, it is the unremitting impact of the debt-money system which is its primary underlying cause.

WHO BENEFITS AND WHO SUFFERS FROM INFLATION ?

Inflation inevitably leads to income re-distribution between groups in society and there is often a resulting conflict between them. Broadly speaking, small savers and those on fixed incomes, non-unionised labour and weaker members of society lose and stronger groups who are well organised or can manipulate their own incomes, often profit from inflation.

More significantly it favours debtors rather than creditors since repayment is made in devalued currency.

Given the role of commercial banks and the sheer scale of their creation of interest-bearing debt, it needs no great leap of the imagination to recognise that for bankers, more than any other creditor group, inflation is most likely to be enemy number one! Hence their great concern for price stability.

In these circumstances it ought to be astonishing, and absolutely unacceptable, that responsibility for control of inflation should be transferred from the State to central bankers. It makes as much sense as it would to ask the fox to oversee the construction of the henhouse and then take responsibilty for its security!

Meanwhile pensioners, the unemployed, underemployed, and all those who depend on them for their living are unlikely to share in the euphoria of financiers as interest rates are raised to "beat inflation" and investment and consumption are further curtailed.

CONTAINING INFLATION

Even if the government shares with bankers and most economists, the view that higher inflation is likely because there is "too much money chasing too few goods", why should it rely on increasing interest rates to curb it? It would be much less painful, to all but bankers, if instead it were to re-introduce the non-interest bearing, *mandatory reserves* which commercial banks used to have to keep (and in most countries still do) with the central bank. Then by simply raising or reducing the level of those required reserves the Bank could be better able to control the money supply and *no interest rate hike would be necessary.*

OVERSEAS EXPERIENCE

The announcement that the Bank of England had been given the task of independently setting interest rates to secure price stability - more accurately to keep inflation at roughly 2.5% per annum - was welcomed by many economic commentators. They justified their support in part by pointing to what they saw as the success of central bank control in other countries such as Germany, USA, Canada and New Zealand.

But while these countries might well have been successful in maintaining price "stability" it has almost universally been at very great cost to their respective societies. For in virtually all of those countries where price stability has been at the centre of economic policy, the result has been the manifestation of the same catalogue of socio-economic ills - mass unemployment or underemployment in low paid and insecure work, escalating consumer debt, failing public services, increasing poverty, chronic insecurity, homelessness and inner city decay leading to social breakdown.

Side by side with the proposition that inflation is threatening stability because "too much money is chasing too few goods", public services are being decimated and unemployment further aggravated because "there is *no money*" with which to maintain, far less improve them! Truly Alice in Wonderland economics.

The process can now be expected to continue to accelerate in the United Kingdom too. For the Labour government's manifesto objective of "high and stable levels of employment" is inconsistent with their commitment to price stability in the context of the current financial/economic system. Any guarantee of lower inflation is bound to be accompanied by an increasingly "large output gap and a large pool of unemployed labour".

Finally, we should note that these ills do not simply follow from the implementation of any specific Party political ideologies and associated orthodox economic prescriptions. Over the last twenty years we have had simultaneously, Conservative governments in the UK; extensive periods of Socialist governments in France, Spain and Australia; Republican and Democratic governments in the USA and Conservative and Liberal governments in Canada. And everywhere the results have been almost identical.

The root of the problem is incontrovertably in the debt-money system.

THE SANE ALTERNATIVE

If we are to look for effective democratic control of our economies; if we are to find release from the absolute and absurd need in the modern technologically driven economy to be employed for wages in order to have access to some equitable share of the nation's real wealth - then, as a first step, creation of the nation's money supply must revert to the State with adequate safeguard against its misuse by politicians.

Credit should then be issued, or withdrawn from circulation, strictly in

accordance with the degree to which the community, as individuals, agrees that the potential of the economy to produce real goods and services should be reflected in actual production. Only then will that which is physically possible and desirable, be made financially possible and inflationary pressure and debt will be under strict control.

It will then be time to consider the merits of other key mechanisms in the **Social Credit** prescription for change -

a. **The National Dividend** to allow access for each individual to an equitable share of the community's real wealth and to pave the way for a leisured society in which "unemployment" is no longer considered the curse it now seems to so many.

b. **The Scientific Price mechanism** to provide a double lock against inflation and an alternative method of distributing purchasing power.

It is on such arrangements as these, originally suggested by C. H. Douglas (whose work is increasingly being studied again in academic circles) and which will be discussed in more detail in future issues, that we might create a sound economic foundation upon which can be built harmonious, democratic societies in which **each individual will have the prospect of enjoying to the full the material and spiritual increment that ought to flow from their voluntary association in wider society**.

This cartoon by Baruc appeared on 14 February 1936 in ***SOCIAL CREDIT for Political and Economic Democracy*** – the official organ of the Social Credit Secretariat Ltd.

And So the Poor Dog Had None

book *review*

There *is* an alternative - Britain and its relationship with the EU
Brian Burkitt, Mark Baimbridge, Phillip Whyman.
111 pages, published by Campaign for an Independent Britain. £4.50

As May 1st approached, the British election campaign came alight as the issue of Britain's future in the European Union began to dominate the hustings. Suddenly all of the competing parties were aware that Euro-scepticism was not the prerogative of Tory "right wingers". It became clear instead that amongst the wider electorate, irrespective of Party affiliation, there was considerable doubt about the merits of Britain committing itself to further European integration and especially to EMU and a single currency. The European Union became one of THE defining issues of the election and we may be sure that it will continue to occupy centre stage in the political debate right up to 1999.

Immediately following the New Labour victory, independent control of interest rate policy was accorded to the Bank of England - a necessary, but not sufficient, condition for its full independence which must precede UK entry to EMU and the single currency. Within days the Treasury were instructed by Chancellor Gordon Brown to work on "guidelines that will advise businessmen on how to make their companies ready for full economic and monetary union".

It is important therefore that such arguments as those developed in *There is an alternative - Britain and its relationship with the EU*, are taken seriously before any irrevocable decision is made.

That this will not be easy is acknowledged by Norman Lamont (ex Chancellor of the Exchequer) in his preface when he emphasises that a key problem so far in the debate has been that "for a long time it has been difficult to get a fair hearing for detached or dispassionate views".

The authors chapter by chapter, analyse past, present and future costs of Economic and Monetary union. They discuss whether the full integration envisaged by pro-Europeans will ever happen and examine the detrimental impact of EU membership on the UK's relations with the Rest of the World if it does. Finally they outline alternatives to further integration.

In the 1971 White Paper (Cmmd 4715), which laid the foundation for UK membership, it was argued that accession would ensure beneficial effects and that "the advantages will far outweigh the costs, provided we seize the opportunities of a far wider home market now open to us".

PAST COSTS

The authors show how dramatically these hopes have failed to be realised. The relative decline of British manufacturing has accelerated and Britain's balance of trade in manufactures with the EU moved from a surplus of some £385 million in 1970 to a deficit of £8,500 million in 1990! And after "accession in 1973 the average unemployment caused by EU import penetration leapt to around 200,000 per year" and the related cost to the taxpayer between 1973 and 1989 was approximately a net £306 billion in 1996 money.

They note that the EU budget is financed by agricultural levies, customs duties, a fixed proportion of VAT receipts on a specified basket of goods and a calculation based on the size of each nation's GDP. The result was that in 1994-95 the UK's net contribution to the EU budget was estimated at £2.45 billion and while the UK was the *eighth* wealthiest of the then twelve member States, it was the *second highest* contributor to EU funds. In addition, the National Consumer Council is reported to have estimated that in 1995 the CAP cost an average UK family £20 per week *more* in food bills than would have been the case had food been bought on the world markets.

The story in respect of the Common Fisheries Policy is no less gloomy. A combination of over-fishing, fraudulent catches and a huge discard of catch species is drastically reducing stocks, leading to the unviability of an increasing percentage of the British fishing fleets and bitter argument amongst member States.

To past costs they note we must add costs still growing from the imposition of VAT on an increasing range of goods and services, and the huge loss of sovereignty as wider areas of policy making are subject to qualified majority voting.

FUTURE COSTS

As the authors deal with future costs, and especially those related to Economic and Monetary Union, we glimpse the end-game. Monetary Union implies a single currency and a parallel and irrevocable fixing of exchange rates.

For while the Delors Report of 1989 allowed that a single market might operate without a common currency, it also argued that "a single currency would clearly demonstrate the irreversibility of the move to monetary union" and, we may assume, related political union. Because of this irreversible nature of the single currency, Burkitt et. al. suggest it is "essential to prove beyond reasonable doubt that the benefits exceed the costs, prior to entry". They then proceed with an analysis of the cases for and against the single currency.

SINGLE CURRENCY – THE CASE FOR

A number of non-economic cases have been made by various individuals and groups at least since publication of the Werner Report in 1970, but a well developed economic case has also been advanced. The most obvious, and probably the most often quoted, advantage claimed for a single currency is the elimination of transactions costs in exchanging EU currencies.

However estimated savings to the UK from reduced transactions costs might be just half the EU average or some 0. 2% of UK GDP equivalent to £1.2 billion, and even lower if some countries opt out of the EMU process. While some commentators suggest that the single currency will counter the damaging effect of volatile exchange rates on investment and growth, the authors note that a great deal of academic research discovers "no apparent link between trade volumes and exchange rate variability.... ". Indeed they say that "Even if it is accepted that exchange rate fluctuations generate a mis-allocation of resources, the price of eliminating them may be greater". They show too why claims that a single currency will induce lower inflation rates and prove a deterrence to currency speculators, are also not well founded.

SINGLE CURRENCY – THE CASE AGAINST

Moving to a single currency itself incurs costs. If the process is completed as originally envisaged on 1st. January 1999, the participating countries irrevocably lock their exchange rates. But for the ensuing period until national currencies no longer exist, the European Central Bank must ensure these exchange rates are maintained. The result will be that any divergence between national economies or financial markets may put potentially costly pressure on currency parities.

> *"A single currency would be so damaging to the people of Britain and Europe that it must be opposed."*

Business, especially small business, will incur significant costs in the change-over of record and accountancy systems and in the banking sector. It is suggested that the EU banks will have to spend at least "between £6.3 and £7.9 billion" over three or four years to implement a single currency.

Governments too will face heavy costs. The UK must "give away almost 80% of its total official reserves to the ECB and this might amount to £22.9 billion, or. . . £395 for every man, woman and child. . ". They then argue that "large unpredictable shifts in the demand for money will generate either a Community-wide inflationary or deflationary shock" and a significant addition to transition costs. It is beyond economics however, that the greatest cost is to be encountered - ie in the loss of national sovereignty and the substitution of a dictatorship by finance for the democratic process - for any move towards EMU patently reverses "the process towards greater economic self governance".

Although Britain would be represented on the Board of the ECB, it would nevertheless have lost "effectively and permanently. . . control of its monetary policy". And the authors note that despite the success of the German Bundesbank over the period from the end of World War II there is in fact "no evidence that in general, independent banks generate lower rates of inflation". When Burkitt et. al., move to a consideration of fiscal matters their detailed arguments simply further re-inforce the view that "a single currency would be so damaging to the people of Britain and Europe that it must be opposed".

OPT OUT

Finally they examine whether the UK might viably opt-out of a single currency even if the rest of the EU goes ahead. They conclude that "by following independent domestic economic policies, the UK *can* achieve low rates of inflation with employment and competitiveness levels that will be the envy of those in the single currency area".

This is a well argued and timely small book by three established academic economists at Bradford University. It should be widely read by protagonists on *both* sides of the argument.

This Baruc cartoon appeared on 16 October 1936 in ***SOCIAL CREDIT for Political and Economic Democracy*** – the official organ of the Social Credit Secretariat Ltd.

Ventriloquist to Dummy, "Whatever you tell me to do, I'll do it, just as if I had to."

IT'S NO USE just being SORRY

<u>YOU</u> CAN END ALL THIS

In 1936, Social Crediters made possible the production of this poster by their donations. Taken from a drawing by Baruc, it was converted into a lino cut by Mr. Bernard Sleigh, Teacher at the School of Arts and Crafts in Birmingham, all-round artist, regular contributor to and canvasser for the ***SOCIAL CREDIT for Political and Economic Democracy***. The printer was a Mr. E. W. Silk. The message of the poster is as relevant today as it was sixty years ago.

Social Crediters were encouraged to purchase the poster through an article in the paper on 13 November stating:

> *"As the pen is mightier than the sword, so is the eye more potent than the ear and Social Crediters can be the dynamic force compelling the world to see what it is prevented from seeing and hearing."*

The article presented the cost of the poster thus:

1 Poster (is useful)	*6 d.*
6 Posters (six times as useful)	*6 for 1s. (2d. each)*
50 Posters (more useful still)	*50 for 6s. (about 1½d. each)*
100 Posters (better and better)	*100 for 10s. (about 1d. each)*
1,000 Posters (will wake your home town)	*1,000 for £2 10s 0d. (about ½d. each)*

and finished with the exhortation:

> *"Groups! go to it, bill posting and parading. Individuals! make a poster your visiting card. All! SAY IT BY POSTER!"*

CREDO

In a World of PLENTY, there is no need for Poverty and DEBT. We have the resources and the technique to feed house and clothe all the people on EARTH without destroying our environment. Whatever is physically possible and socially desirable CAN be made financially possible. This is EVERYONE'S CONCERN and it is URGENT.

THE SOCIAL CREDITER

This journal expresses and supports the policy of the Social Credit Secretariat founded in 1933 by Clifford Hugh Douglas. The Social Credit Secretariat is non-party and non class, neither is it connected with nor supporting any political party.

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RECOMMENDED READING

Maj. C. H. Douglas
Economic Democracy
Warning Democracy
Credit Power and Democracy
The Monopoly of Credit
The Control and Distribution of Production
Social Credit

Alan D. Armstrong
*To Restrain the Red Horse** *The Urgent Need for Radical Economic Reform* (1996)

Books and booklets on the subject of Social Credit are available from Bloomfield Books, 26 Meadow Lane, Sudbury, Suffolk, England CO10 6TD.

* Also available from Towerhouse Publishing Limited, 32 Kilbride Avenue, Dunoon, Argyll, Scotland PA23 7LH.

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(Cheques/Money Orders payable to KRP Ltd, 16 Forth Street, Edinburgh, EH1 3LH, Scotland)

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Letter from the Chairman

Because there have been significant changes during the last few months, especially involving the death of our Chairman and my own succession, it seemed appropriate that I should provide some information on our new circumstances to TSC subscribers and supporters.

Shortly before Donald Neale died he had been advised that a deeply committed Social Crediter had remembered the Secretariat in his will. We began then to discuss how we might best make use of this bequest, to ensure that Social Credit should again be centre stage in the socio-economic debate. It is a great pity that Donald did not survive to lead the Secretariat in these new circumstances.

At our first meeting on 12 June, the Secretariat functions were duly re-allocated and confirmed as in the box below. A Campaign Proposals paper was discussed and agreed as the basis for action during 1997/1998. The office we have rented in central Edinburgh (see box below) will be manned part time but the telephone will be attended between 9am and 5pm Monday to Friday.

It is our hope that we can from there, help build a widely based co-operative Campaign for radical socio-economic reform. The intention is to try to involve the Churches and other relevant organisations, especially in the rapidly growing voluntary sector, and initial contacts will be made soon. The Secretariat of course will remain, as will the other organisations, in independent pursuit of their own objective. We shall want to be happy that the Social Credit philosophy and mechanics of practical change are appreciated and reflected in any wider Campaign.

Meanwhile this issue of TSC begins the process of putting into practice that "Quality of Action" which is so much emphasised in our constitution and we shall try, in due course, to increase the range of contributors as part of that process. I hope that, like members of the Secretariat, you will be encouraged by the prospect that now we might stimulate debate on the need for reform, based on Social Credit principles and practical proposals, and will continue to be as supportive as ever.

Alan Armstrong
Chairman

NEW SECRETARIAT

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