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Editorial

In *Green Backlash*, published in 1996, Andrew Rowell revealed the extensive intimidation, violence and brutality suffered by local activists and environmental campaigners working to combat the desecration of the land across all continents of the globe. International organisations such as Greenpeace were being subjected to severe backlash, as the mass media regurgitated the views of the people in power. Billions of corporate dollars funded politicians, think-tanks and front organisations to portray caring corporate images, whilst environmentalists were portrayed as ignorant, anti-social cranks with bees in their bonnets. Over the intervening years, the power of global corporations to determine not just the outcomes, but also our very understanding of the social, political and economic issues of the underlying social order, has continued unabated. Rowell concluded that the 'environmental movement' was in urgent need of self-evaluation in order to bring about effective change:

"To beat the backlash, there are three distinct areas that need to be addressed.

1. The environmental movement has to rediscover its roots.
2. It has to broaden out to work closely with other groups.
3. It has to start putting forward solutions and a positive alternative coherent vision for the future."¹

Thirteen years have passed since Andrew Rowell put those thoughts on paper. One wonders just how much time, energy and money has been spent, by individuals working in voluntary organisations campaigning for peace, social justice and environmental sustainability. How many articles have been written drawing attention to individual problems? How much energy has been put into planning, organising and attending meetings, protest rallies and conferences on all manner of issues? How many leaflets, posters and petitions have been designed, printed and distributed? What vast sums of money have been raised and spent on the entire process? The totals must be astronomical. But, one must ask, all to what end?

In the meantime, it is an incontestable fact that,

on behalf of us all, the practical decisions have been made to go ahead with the renewal of Trident, to build more motorways, superstores and airports, to bomb Afghanistan, to attack Iraq, and to introduce increasing bureaucracy into all spheres of society. Although very little voluntary campaigning is known to have been undertaken for those policies, they have been endorsed on our behalf by the ‘powers-that-be’, and put into practical effect. One is forced to the conclusion that, in a democratic country like the UK, the people have got what they wanted. Hence those working for ‘good’ causes through voluntary organisations must be labelled misguided cranks, albeit well meaning. If war, waste and poverty are not highly desirable, they must, nevertheless, be considered the correct policies to follow to achieve economic progress.

In the immediate aftermath of The Great War (1914-18), it seemed blindingly obvious that war like that should never happen again in the civilized world. Hence people sought an end to policies, which were likely to lead to unnecessary war, waste and poverty in a technological age. As early as 1919 Clifford Hugh Douglas brought his sharp, analytical engineer’s mind to bear on the problem, and traced the ultimate causes of war in the technological age back to the debt-based financial system. The system had worked efficiently in the earliest stages of industrialisation, but now it had become more like a cancer, driving overproduction and resulting in waste of social and natural resources. Douglas presented no clever blueprint or ‘one size fits all’ solutions to the world’s problems. On the contrary, over the rest of his life, until his death in 1952, Douglas constantly insisted that people must study and think things through for themselves.

It is all very well having a clear objective as to where you want to go – *i.e.*, what we are aiming for, such as peace, or a sane economic system. But if you have no idea where you actually are in the first place, you are unlikely to reach your destination. As Douglas is reputed to have said,

“Try it on a map”. Decide where you want to go, perhaps to London or Glasgow. Then take out a map and two pins. Place one on the desired destination, e.g., London. Now, place the other pin. That will be easy if you know exactly where you are. But if you do not know where you are in the first place, finding out becomes a priority. It is no good asking for directions, even from a guru or a passing expert. They could lead you up hill and down dale to places you did not want to go. Douglas wanted people to study his work so that they would be in a position to decide on the best options from a number of alternative courses of action. In effect, he provided the ‘map’. But people were expected to turn to the map, check it for authenticity, using their own common sense judgements before using it to plot an appropriate course from A to B, *i.e.*, to ascertain where they are, so that they can get to where they want to be.

Douglas knew exactly where he was on the map. However, the exact map that Douglas was using is now dated. The lie of the land is the same, but many route options have changed. Like all key thinkers, Douglas lived intensely in the present times of his day. His audience could recognise that he was thoroughly well read on the works of all the leading thinkers on the subjects about which he wrote and spoke. In the present day, however, the ‘alternative’, ‘environmental’ or ‘anti-globalisation’ movement comprises little more than a fragmented assortment of individuals working in disparate ‘single issue’ organisations, with very little attempt to seek common ground. Now is not the time to live in the past, merely studying the fragmented work of former gurus without reference to the present day. The corporate-controlled press, media and centres of learning may dominate mainstream consciousness, but, despite that, rich resources already exist to map out a basis for discussion on all three areas identified by Rowell.

Whilst writing this piece, I came across some economist jokes, which have been around for some considerable time. One reads as follows:

A party of economists was climbing the Alps. After several hours they became hopelessly lost. One of them studied the map for some time, turning it up and down, sighting distant landmarks, consulting his compass, and finally the sun. Finally he said: "OK. See that big mountain over there?"

"Yes." answered the others eagerly.

"Well, according to the map, we're standing on top of it."

Orthodox economists do not have a noted reputation for knowing not only where they set off from, but also and more importantly, where they want to take us.

¹ Rowell p 373

Why Tolerate Poverty?

"Poverty in Gt. Britain is now entirely unnecessary"

A simple concise statement of facts and how DOUGLAS SOCIAL CREDIT proposals would transform the problems of Poverty, Unemployment and War.

W.H. Quigley

1935

Introductory Note:

Although dated in its detailed examples, the booklet 'Why Tolerate Poverty?' contains all the tools necessary for an understanding of the money system, which has been inherited from the 20th century. It has been here reproduced without editing, as it forms a coherent whole. However, the reader must constantly bear in mind the very different prevailing social, economic and political circumstances under which the text was written in 1935.

Dire poverty may now tend to occur on a world scale, rather than a national one: the Bank of England may be nationalised or privatised; the Gold Standard may seemingly have been abandoned; blips on computer screens may have replaced cheque books with handwritten signatures; and waste may take the form of mountains of packaging and used cars. But the principles lying behind the institutional patterns through which money operates remain exactly the same as they were in the 1930s when this pamphlet was written.

Foreword

The following pages first printed as a series

of newspaper articles, which were perforce condensed and simplified, do not pretend to cover the whole philosophy and technical aspects of Social Credit.

The author only hopes they will bring in clear and simple form to the ordinary reader the underlying principles of this New Economics which puts first the welfare of the human race, and, considering real wealth – goods and services – to be the most important factor, relegates "money" to its proper position, i.e., as a system of tokens whose sole function and reason for being is to enable man to use and consume that abundant wealth which applied science and invention now enables him to produce so easily.

For those wishing to read more, the following are some of the books and periodicals available. This small booklet outlines the proposals. If the reader will continue to think them out he will more and more find that Social Credit is part of Universal Truth, and in the end truth will prevail.

Ipswich, January 1935

A SUMMARY OF SOCIAL CREDIT PROPOSALS.

1. How our Artificial Poverty is caused.

In 1834, only 100 years ago, Sir Robert Peel was called hurriedly from Rome to London to form a Government. He took almost as long to come as Julius Caesar had taken nearly two thousand years before, for he had similar transport – horses and sailing ships only.

Man's recorded history on this earth is of some 7,000 years. The present Machine-age is of little more than 100 years. Our own lifetime has seen the development of electricity, the petrol engine, motorcars, aeroplanes, wireless, and now the defining cause of unemployment by labour-saving machinery.

The Age of Plenty is here

The Machine-age has only just begun, but even in its infancy the Machine can supply mankind with all its wants. The Age of Plenty is here, yet we have thousands of our own people just existing on 1½d per meal per person, every day, week in, week out. Poverty in the midst of Plenty is said to be today's problem.

None will deny the Poverty. If any doubt the Plenty, let them say why America orders the destruction of one-third of wheat, cotton and tobacco crops, of six million suckling pigs and one million sows. Why Denmark, Holland and the Argentine destroy cattle. Why Ireland slaughters 200,000 calves a year. Why Brazil destroys coffee. Why 1½ million oranges were thrown into the sea off Liverpool in August 1933. Why statesmen all over the world are worried about how to restrict production, and get rid of what State Secretary Cordell Hull (U.S.A.) calls "our burdensome surpluses."

If production is so successful and as consumption would be so easy if we could get the goods into our hands, it is obvious that the problem we have not solved is that of

Distribution. Distribution is the function of our Money System. How, then, is our money issued and controlled? How is it born, and how does it get into our pockets?

How we get our Money

In 1790 Mr. Mayer Amschel Rothschild said: Permit me to issue and control a nation's money, and I care not who makes its laws." Our money is issued and its quantity controlled by the Bank of England, a private Company.

Money may briefly be defined as "Any token readily accepted in exchange for goods and services." It has taken various forms in various ages and countries, from cattle to shells or bits of copper wire. Today in this country it is in the form of copper and silver coins, paper notes and cheque-money. Cheque-money or "bank-credit" money forms about 95 per cent of all the money we use.

Under our present system all money is debt. To quote Mr. Reginald McKenna, ex-Chancellor of the Exchequer and present chairman of the Midland Bank: "The amount of money in existence varies only with the action of the banks. ... Every bank loan and every purchase of securities creates a deposit, and every repayment of a loan and every bank sale destroys one." And, again Mr. McKenna: "To define monetary policy in a few words, I should say it is the policy which concerns itself with regulating the quantity of money, and it is controlled by the Bank of England."

Banks do not lend deposits. Banks make loans, and when the borrower writes a cheque to pay for goods or services the receiver of the cheque by paying it into his own bank forms a deposit.

You need never fear that your bank deposit will be lent to someone else. Bankers know that all money is debt. They do not need your deposit to make loans with, for they know that your deposit is only someone else's debt to the banks. So long as the total amount of loans has not reached

the limit of what they call the “safe” proportion to their cash reserve, the banks will make new cheque-money to lend without worrying about your deposit. When the total of loans is likely to be greater than the “safe” figure, the bankers do not ask for more deposits to lend: they ask for some of the loans to be paid off and cancelled.

All our money therefore is born as loans by banks to industry and Government. Money gets into consumers’ pockets only through industry. All incomes (except the salaries of bank servants) must come in this way, directly or indirectly. Wages, salaries and dividends come from industry directly; while the doctor’s fee comes out of our wages or salaries, and the old-age pensioner’s 10s. per week comes yet more indirectly from taxes out of our wages.

Three Defects in our Current Money System

In our present Money System for distributing the goods we produce are three vital defects. Firstly, the amount of our national money is controlled by the Bank of England, a private company, whose advantage lies in treating “money” as a commodity, and not merely as a convenient ticket system to enable us to consume the goods produced. It is not therefore the chide interest of our money-controllers to ensure that the standard of living of our people is as high as their ability to produce real wealth – goods and services – will allow.

From this it is apparent that the first step in any reform must be to restore to the nation that monopoly of control over its money, which it has allowed to pass into the hands of the Governors of the bank of England.

The second defect is that the total quantity of our money is regulated, not – as one would expect – by the amount of real wealth which the nation can produce and wishes to consume, but by the weight of gold in certain London vaults. This means that our standard of living is determined and restricted according to supplies of a yellow metal, which is not itself very useful.

How Gold decides our Standard of Living

Our standard of living is determined by how much we can use or consume of clothing, food, shelter and all further comforts and conveniences of civilisation. Such consumption is limited by our individual “purchasing-power” – money. The total of our purchasing power or incomes is determined by the amount of money created by the Banking system through loans to Industry. The total amount of such loans is determined by a certain ratio to the amount of gold held in the Bank of England vaults.

In this way our standard of living is decided, not by the skill and capacity of our people in producing real goods, but by the amount of gold held in London by a private company. The second step in any monetary reform must therefore be to base our “money” on the actual wealth, in goods and services, which we are able to produce.

Why “Purchasing Power is too Small”

Treating “money” as a commodity, our banking system keeps it in short supply, and while willing to create it and lend it for the buying and making of productive “capital goods” – factories and machinery – banks are not willing to wait for repayment until all the goods which those factories and machinery will produce are sold to consumers [which may take years or even decades]. Therefore the owners must charge the cost of that machinery into the prices of their goods as quickly as they can, in order to pay back the bank loans. This part of their costs and prices appears as Depreciation and Reserves in their accounts, but it is not distributed as wages or salaries to become purchasing power for individual consumers.

When bank loans are repaid quickly by the issue of Debenture Shares to the public, the money so subscribed has been saved out of wages and salaries, which formed part of costs and prices of goods previously made. It has not been used to buy the goods it produced and is now being

used to produce still more goods and prices; there must obviously then be so much goods left unsold, to buy which no money exists.

It is sometimes suggested that this shortage of purchasing power, as compared with total prices, does not really occur because more Capital Goods are always being made and so more “incomes” being provided by the making. Certainly the shortage is partly masked in this way, but to make up the shortage ever greater and greater loans for production must be made; thus ultimately increasing the “gap” between incomes and prices. Even if Banks were prepared to make these unlimited loans, can we contemplate covering England with unnecessary factories simply to provide wages with which to buy the surplus goods we have already made?

This big shortage of “purchasing-power” is the great defect when trying to operate our out-of-date Money System in our new Age of Plenty. It has created the world’s problem. It causes the “burdensome surpluses” in every nation, surpluses of goods, which could well be consumed but cannot be “bought”.

Even those who do not openly admit this “gap” tacitly, acknowledge it by the remedies they propose. These are mainly loans for making more Capital Goods or for Public Works, in both cases thus providing wages with which to buy the glut of goods already made. Both suggestions would leave loans to be repaid in the future, and one would produce yet more goods, which there would not be enough money to buy.

II Consumer-Credit Would End Poverty

All industry Exists for Consumption

We today suffer poverty and other ills in the midst of plenty because of a deficiency in purchasing power, i.e., money tokens. This deficiency is caused by: - (i) Control of our money by a private Company instead of by the Nation; (ii) The limiting of money by relating

it to gold, instead of to our real wealth; (iii) The fact that the total of consumers’ incomes is always much less than total prices produced during the same period, under the present system of production-loans and pricing.

It cannot seriously be disputed that the real aim of Industry is the consumption of the goods produced. Without consumption, all activities of production are futile and would cease. It is apparent that in this Machine-age, to consume the wealth of goods and services which science and invention can so lavishly produce with less and less demands on manpower, some form of “consumer-credit” is essential.

The backing for this consumer credit already exists in the surplus of production over consumption in any civilised community. Distribution of such credit, apart from the usual channels of Industry – wages, salaries, etc. -, to bridge the present “gap” between incomes and prices, is the only way by which a civilised community can buy and consume all it produces. Social Credit shows how it can be done fairly and without danger of inflation.

How an Engineer saw a World Problem

Major C.H. Douglas, a member of the Institute of Mechanical Engineers, arrived at this solution by approaching the problem as a practical engineer approaches a problem. All economists and politicians so far have accepted today’s money-system as a fixed unalterable condition, and endeavour to restrict and alter human welfare to fit that system. Hence the destruction of real wealth all over the world – an artificial creation of the scarcity which is necessary for that money-system. Why should humanity suffer poverty rather than alter a system, which man made and man can therefore modify?

The engineer faced with any problem asks: - (i) What do we want to obtain? (ii) What have we to get it with? (iii) How can we best use our tools and materials?

In the present problem we want adequate food, clothes and shelter for every person, adding the comforts of civilisation and leisure for cultural and spiritual development, also individual freedom and security. To obtain these we have Nature's ample raw materials and power resources; the science, inventions and machinery inherited from past generations, and our own brains and muscles. We have also a money-system whose function should be to make possible the consumption of things produced, in fact, a distributing system.

The third question remains. How can we use our means to achieve our aims? At present the scientist, engineer and industrialist have done their job well – the goods and services are produced in abundance. Our trouble is that the Distributing System – Money – has failed to distribute.

Douglas, the engineer-economist, saw that our successful production was obtained by following and applying Nature's universal laws, and that our unsuccessful distributing system was based on man-made rules and conventions which could be altered when they did not work. He saw that "money" instead of being merely convenient tokens for the distribution and consumption of things produced, had become a commodity dealt in for its own sake, limited in quantity for this reason, and therefore unable properly to do the job for which alone it existed.

Douglas was among the first to point out that whereas in peace many good things are denied us or left undone because there is no "money" for them, yet in war nothing thought desirable was left undone for this reason. If the men and materials existed, the thing was done. Nobody said "We can't afford it." If in war, why not in peace? In war, the money-system had to give way, temporarily. In peace, to make full human life possible, the money-system must be altered and adjusted permanently. Whatever is physically possible must be made financially possible.

Douglas saw that the necessary alteration is, in a word, "Consumer-credit"; issued by the Nation; based on its actual wealth produced; and distributed apart from work or industrial channels. There may be other methods of distributing this Consumer credit, but so far Major Douglas' proposals have easily held the field for 15 years as the most practical. They are in two parts, each complimentary to the other – one is distribution by a NATIONAL DISCOUNT upon all purchases for individual consumption; the other is the distribution of a NATIONAL DIVIDEND to every British-born person resident in Great Britain.

How to Distribute "Consumer Credit"

The backing of this "Consumer-credit" is the actual wealth-producing capacity of the nation – a far sounder basis than a mass of yellow metal. How would it be calculated?

A National Credit Office staffed by technicians would collect all the data of national Wealth Production and Consumption (on the lines of that already ascertained yearly by our Board of Trade and Industrial Revenue Departments), and from these would calculate at suitable intervals, say each six months, the rates of National Discount and National Dividend for the following half-year. Such work would be purely mathematical and as much beyond "faking" or influence by individuals, parties or governments as are our weights and measures.

The National Credit Office would draw up a Real National Balance Sheet from the actual Production and Consumption figures, which would be in some such form as follows: -

National Balance Sheet for Six Months ending.....

Dr. IMPOVERISHMENT	£m	Cr. ENRICHMENT	£m
1. Consumption		1. Production	
(a) People's Goods sold retail	1100	People's Goods	1100
(b) Wear and Tear (Depreciation) of Factories, Machinery etc.	100	(b) New factories, Machinery etc.	700
(c) National Services, Army, Navy and Civil Service, etc.	100		
2. Exports -		2. Imports	
(Real Wealth lost by us)	200	(Real Wealth received by us)	200
	-----		-----
Total Impoverishment	1500	Total Enrichment	2000
Balance carried down	500		-----

	2000		

Distributed as -			
National Discount	400		
National Dividend	100		

	500	Net Enrichment Balance brought forward for distribution	500
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(All figures are illustrative only, with no pretence of accuracy)

The Real Cost Of Production is Consumption

It must be remembered that the real, the physical, cost of Production is Consumption. The real cost of all the goods and services which this nation produces in any year is the actual consumption of goods and services and wearing out of machinery and buildings by the nation during that same year. The financial cost is a very different thing, and is much greater.

In our illustration Balance Sheet the total surplus divisible among Consumers is £500 million. This is not paper money created with no backing of wealth, but is "credit" given to the whole people of the nation for having, during the past six months, created new means of production, i.e., factories, machinery, etc., in excess of the amount of wealth consumed in that time. The

present Financial System has no way of fully and directly reflecting this increase of real wealth in the lives of the people. All it can do is to charge them for the use of the new machinery.

This surplus forms the "Consumer-credit" which must be distributed if a machine-using community is to buy and consume all it produces. Under Douglas Social Credit most of this credit would be distributed by means of the NATIONAL DISCOUNT. With a Balance Sheet as illustrated, a 20 per cent discount might be declared for the next six months' period, absorbing £400 million and leaving £100 million for distribution as the NATIONAL DIVIDEND. The genius of the Discount proposal is that it puts a premium on Consumption, or spending, and only issues the Consumer credit or new money when the goods are not only made but actually bought for consumption, at a reduced price. This disposes of any question of "inflation".

To make practical details clear, let us follow the making and buying of an overcoat. In the first place, wages and the percentage rates of gross profits are fixed by agreement through all industries. Our overcoat manufacturer will have a loan from his bank to meet production costs, wages, cloth etc. The wholesaler, by a loan from his bank, will purchase a supply of the coats. The retailer, by a loan from his bank, will buy a selection. You now approach the retail counter and choose your coat, of which the final financial cost and price (including all wages, charges and profits of maker, wholesaler and retailer) is, we will say, £5. You therefore will pay the retailer £5, just as you might today.

Social Credit being in force, the National Credit Office (from Production and Consumption census of the previous half-year) has found that a National Discount of 20 per cent can be allowed, and the Government has accordingly declared this. On your receipt for the coat, therefore, will be a stamp or coupon certifying that you have on that date bought and paid for a £5 overcoat, and on presenting this at your bank, your account there will be accredited with £1 by the National Credit Office (out of the National Surplus), so completing the whole cycle of trade in which all loans will now have been repaid and everyone be ready to start a new cycle of Production for Consumption.

For smaller articles, probably the retailer would sell to consumers at net reduced prices (a 5s. article for 4s.) and claim weekly or monthly the 20 per cent credit from his bank by certificate of his accounts.

When we consider the complex ramifications today of our Tariff and Inland Revenue Systems, the millions of Government Pension accounts, the millions of separate accounts kept by Co-operative Societies (who record every penny sale and calculate dividends), we see there is not the least difficulty in administering a Social Credit National Discount. As now, all traders and manufacturers' accounts would be subject to inspection.

In this way the *National Discount* portion of the necessary consumer credit would be distributed. There remains the *National Dividend*, a payment (irrespective of other income or work done) to every citizen as a birthright.

A National Dividend for All

For thousands of years Man struggled for security – a production sufficient to feed, clothe and shelter him with a certain amount of comfort. This generation sees the end of that struggle in civilised communities. By our present control of Nature's vast resources of raw materials and power we can produce ample real wealth to satisfy those needs for every person in the community. Poverty is now entirely unnecessary.

This tremendous change is not due to any man now living, nor to any class, but is the crown of the work of men in all generations. From the first makers of fire, the flint axe, the wheel, metal tools, steam engines, etc., to our day of the petrol motor, electricity and wireless, each worker has added his contribution of thought and skill to the facilities inherited from predecessors.

So today the cumulative result of all this science, invention and industry is the common possession of us all, and it is this cultural inheritance which makes a NATIONAL DIVIDEND the right of every person. A British Birth Certificate should be a Share Certificate in Great Britain, Ltd., for every resident, and as such should bring a dividend paid out of the National Surplus of Production over Consumption.

St. Paul's words, "If any will not work neither let him eat," had every sanction in an age of scarcity, when Man was still struggling for a meagre existence, and non-production by one meant less welfare and more work for others. Today, with millions unemployed because their produce could not be sold, and machinery ever making man-work more unnecessary in

production, this doctrine is both irrelevant and wrong.

Where the Dividend comes from

It may be asked by those unacquainted with either the present Money System or Social Credit, "Where is the money to come from for these National Dividends?" The short answer is, "Where all our money comes from now – the credit of the British people." At a little greater length this question is answered by explaining, as in previous pages, that our country's real wealth is its people's capacity for producing goods and services; that our "money" is merely book-entries converted into tokens – cheques, paper notes or metal discs – for the convenient distribution and consumption of that real wealth; that so long as the real wealth in goods and a services exists, sufficient "money" to deal with it can be created as it is now, by writing figures in books. This is where our present and future "money" comes from. The National Dividend is new money created by the Nation, not got from taxation.

A more pertinent question is, why have a National Dividend as well as a National Discount? The main reason is two-fold. There are, and always will be, numbers of persons unable to engage in paid work for various reasons – old age, ill-health and the fact that their labours are not needed in production, and these must all have an income if they are to help in consuming the produce of the machines. Secondly, our greatest production (and capacity for still greater production) is of the ordinary, everyday requirements of life, and it is just upon these that a National Dividend distributed to everybody (as 95 per cent. of our population are ordinary every-day people) will be spent.

The Principle of the National Dividend already exists in our Old Age, Widows, and Blind Pensions, Out-door Relief, etc. Social Credit proposes to consolidate all such odds and ends into a National Dividend payable as a right to

every British man, woman and child resident in Great Britain.

Thirty Shillings a Week for All

It is suggested that this starts modestly at not more than 30s. per week per person, and could be paid through Post Offices or credited to bank accounts. It would, of course, be additional to all wages, salaries, etc., earned by recipients. If thought necessary, to meet the fears of those who think that few would work with such a secure income, it could be a condition of the National Dividend for a period of, say, five years that the recipient shall take his part according to his abilities in productive work if needed.

The firm foundation of Douglas Social Credit is the fact – the fact – that a civilised community can today produce far more real wealth, goods and services, than it consumes. It is on this surplus alone that the National Dividend and the National Discount, as explained here, are both based. They are complementary proposals, which together form the only practical method yet put forward whereby a nation can itself make use of the wealth which it produces.

Today every nation tries to get rid of this so-called "surplus" wealth, which its own people produce but cannot buy, by exporting it abroad and refusing equal value goods in exchange. Such giving away of real wealth, without receiving payment, is called "having a favourable balance of trade." The attempt by all nations to do this is international commercial war and inevitably leads to war with gas and guns.

III General Effects of Social Credit

Social Credit is not a form of government, but is a scientific economic system. It could operate under any form of government, but without it no Government can enable a nation to make use of all the wealth that nation produces.

Individual Liberty and Security

The primary object of Social Credit policy is to increase the economic power of the individual. It is a fundamental conception of the Social Credit Movement that group relationships, such as the State, are only of importance in so far as they conduce to the well being and progress of every individual composing them.

Opportunity for and encouragement of the individual is the keynote, and this marks the Social Credit proposals as distinctly British: in line with all our history and best national traditions and characteristics. This people has always striven for, and has gained to a greater degree than any other people, civil and religious liberty for the individual. If we will now add to this economic liberty for the individual, it may again be said, "England has saved herself by her exertions and the world by her example."

Such individualism is engrained in the British character, but with a great disposition for co-operation, "team-work", provided it is recognised that the organisation exists for the welfare of every person. This is the real practical socialism – the co-operation of free individuals resulting in the maximum of welfare and opportunity for everyone.

The British people, having such a history and such characteristics, will not readily turn to the Russian, Italian or German attempted solutions for their problems. All three are alike in theory and practice, but with different sets of people as dictators; and all depend upon that conscription of the individual in agricultural, industrial and commercial life, which would be utterly contrary to all our traditions.

On the other hand we take naturally to a further step along the path of individual freedom, which we have trod for centuries, and Social Credit gives greater freedom to the individual in every way – freedom to make losses as well as profits. Security for all but a greater or fuller life for each, just so far as he is able to develop his own

powers and abilities.

Removing the "Power" of Money

After individual security, freedom and independence, the next general effect of Social Credit is that "power" is taken from the mere ownership of money or the means of wealth-production.

By the Social Credit proposals, which provide under national control sufficient money tickets to enable the community to use all the wealth it is able to produce, and which distribute part of that money as a Discount to all consumers and part as a Dividend to every British resident, "power" (in the sense of control over other people's lives and welfare) is entirely taken away from the mere ownership of money.

With Social Credit, though percentage rates of gross profits are limited, there is no hindrance to increase of total profits through an increase of production; but any man who saves a large part of the money tokens coming to him – whether as wages or profits – is benefitting his fellows at his own expense. In the first place he will not get the advantage of the National Discount on what he saves – only upon what he spends for consumption. Secondly, if he merely hoards his savings, the National Discount for everyone during the next period will be larger – because Consumption has been by so much less than Production. Thirdly, should his savings be invested in the production of more goods, this additional national production means still greater Discount for the general consumer.

In fact, the system ensures that all incomes or profits in excess of amounts used for the individual's own consumption are automatically turned to the benefit of the rest of the consumers; thus again removing "power" over others from the mere ownership of wealth.

For the rest, some further effects of Social Credit can briefly be stated as: - No more poverty. No more enforced unemployment. The use of

steam laundries will abolish home washing-days and mothers will not ruin eyesight in darning garments, which should be scrapped. Real foreign trade – exchange of goods for goods – instead of present trade wars. This in turn means the removal of the cause of war, and is the only

way to real disarmament and world peace.

“Real conviction and understanding of a truth come only from one’s own thinking upon it.”

WHY TOLERATE POVERTY?

Notes on Politics and Finance from 1931

On Tuesday October 27, 1931 a General Election was called in the UK in the middle of the Credit Crunch Crisis of the Great Depression. Ramsey MacDonald’s Labour Government was advised by the non-elected civil servants to accept the cuts in unemployment benefits deemed necessary by the banks. The National Government, which followed this election, continued in power throughout the 1930s, and took the country into World War II. Here we reproduce two pieces of text originally published in The New Age two weeks before the General Election.

Notes of the Week

Arthur Brenton

The New Age Thursday, October 15, 1931

Elsewhere we print an article by Major Douglas in which he analyses the deeper issues behind the election now proceeding. On various occasions recently he has discussed these issues with students and advocates of Social Credit, and we feel that it is of importance to subjoin an outline of the situation, which has been established by those discussions. It is as follows.

- (1) The objective of finance is to control military force.
- (2) Therefore – to control political Government, because the Constitution poses the right to dispose military force in the Government.
- (3) The best method of controlling political government is to merge all the parties into one.
- (4) The best method of merging them is to preach a “crisis.”
- (5) This creates a “war psychology” – under the urge of which people are willing to abandon their individual interests and obey orders from a centralised High Command.

This interpretation of the political policy of Finance needs no confirmation to those who have thoroughly grasped the Social Credit

Theorem. So long as the design of the credit mechanism remains what it is, an overwhelming majority of the public will be in an unconscious state of revolt against it. It matters not a bit how they vote on polling day, but everything how they act every day. Their psychological condition is exactly typified in an authentic account given to us last week by a visitor. He had been discussing the situation with his grocer; and the grocer pronounced the “great Cure,” which was to “force these unemployed to find jobs.” Our informant said: “Yes, but what jobs?” – and, pointing to a bacon-slicing machine on the counter, continued: “You’re a nice fellow to bring that thing into the place when jobs want finding.” Not in the least abashed, the grocer dropped his tone to one of confidence and said: “Do you know, if I didn’t have that machine, it would cost me four men’s wages to get the orders done!” And something like thirty million “types,” made in this fozzled subject of the King, are to be shepherded up to the polls on October 27 to solve the “crisis.” Not one of them will realise that to make this system work requires industry, as it were, to buy slicing machines and hire human bacon-cutters at one and the same time, and to keep the cost of both out of the price of rashers. Obviously then, the tiny minority of financiers who – goodness knows why – seem to be in hopes of keeping the system going, must necessarily abandon reliance

on democracy and persuasion, and base it on autocracy and coercion. And in the last resort coercion means military force.

Mr. MacDonald and Mr. Henderson represent, not two opposed parties, but the right and left wings of the Banksters's Party. We are not speaking of their motivations or intentions. We are simply saying that since both of them equally base policy on the assumption that the present principle of accounting costs is correct and unalterable, they are, by that fact alone, banksters. For, by accepting that postulate, each of them is logically binding himself to fulfil the central purpose of Finance – a purpose that is diametrically opposed to the instinct and aspiration of every individual in the community. What is it that divides Mr. Henderson from Mr. MacDonald? Nothing but the question whether the money proposed to be taken from the unemployed shall be taken from other people instead. This is all it comes down to when you have stripped away nebulous plans for controlling banks, industry, or this or the other, which obscure the view. Suppose Mr. Henderson wins. There will be a Labour Chancellor of the Exchequer. (Who?) He will have to suggest the source from which he will raise the needed money. Directly he does so the Treasury will be able to convince him either that the money is not there to be taken, or, if it is there, that if it is taken it will cause a compensatory decrease of employment. Briefly, the line of reasoning would be this: that industry must be financed out of savings before it can provide jobs and pay wages: that if taxes are transferred from wages to savings workers will be thrown out of jobs. The hypothetical Chancellor might object that industry is also financed by bank-loans, but that would not shake the Treasury's reasoning unless he carried his argument on and showed how industry and the people in it are taxed in the process of repayment. This is a matter of arithmetic, not opinion; and, as The Times remarked recently: You cannot defy the laws of arithmetic – though the "laws of arithmetic" to which it was referring had nothing to do

with arithmetical law but with arithmetical expression of inaccurate measurements. Since both Mr. Henderson, Representing the Labour Party's policy, and Mr. Citrine, representing Trade Union policy, have declined to look into the subject of Social Credit on the ground that nine years ago a Labour Committee (assisted by a banker!) rejected it, suggests that a Labour Government would be little likely to press its policy against the authoritative views of the Treasury experts.

The right policy for members of the Social Credit Movement is to do all they can to discredit the election. There is no call to deride the Parliamentary system as such: but there is every need to show the futility of anyone's trying to use it as an instrument for getting what he wants. It will only give him what the banker thinks he ought to have. Therefore the question the elector should first ask himself is whether he wants to happen that which the bankers have said must happen. If he likes being taxed, he will vote – for both parties are ready to oblige him. If he does not want to be taxed, he should not vote – for neither party proposes to help him. Even in the moral sense he ought not to vote, for in doing so he is implicitly endorsing the view that the economies effected by the National Government are collectively necessary. That view is a technical matter, on which the ordinary elector has no means of arriving at a correct judgement. He owes it to himself to say: Shall I, and will my family, be more happy, or less happy, if we have to suffer a reduction in our standard of life? That is a personal question to which the individual, however humble or illiterate, is able to come to a decision. There is a lot of sentiment talked about "thinking for others"; but when everybody votes not for what he wants, but for what he *ought* to want, he is contributing to a general verdict, which is silent on *policy* (which is what ought to be decided at the polls) and vocal on *technique* (which is a question for experts only). The essence of the present electoral ramp is that while in form the electors are asked to express their will on what they want, they are being constrained to choose

between two methods of doing what they do not want.

There was a legend, which used to be seen in shops before the Trusts came and standardised everything; it read: "If you do not see what you want in the window come in and tell us." The public are in the position of an anaemic young lady looking in a chemist's window and being confronted with a display of leeches. Everybody is in need of more purchasing power, and is perfectly certain of it, yet he is offered the choice between a "MacDonald" and a "Henderson" prescription for bleeding him further. The proper answer of the electorate is to say: "No thanks, I don't want any," and abstain from the polls. It may probably happen that certain candidates pledge themselves to raise the whole question of the necessity for any economies at all at anybody's expense. If so that is something in the window a great deal more like what is wanted, and electors should support them.

When the question of whether an election should be held or not was debated, The Times published some letters whose purport was to point out how risky it was to give the unemployed a chance to vote on the dole cuts. The argument implicit in these letters was that seeing the unemployed knew what a cut meant, and were personally interested in not having it, they should not be allowed to say what they wanted. This gives a clue to the unemployed voter to make a virtue of abstaining from the polls. He can argue that if he voted *for* a cut he would not be true to himself, while if he voted *against* a cut he would not be fair to others. And so the conclusion is that he either walks past the shop or asks for something kept out of the window. At the last election, so we are informed, 1,800 electors in Hampstead wrote the word "Nationalist" across their voting papers. Who these people were and what they wanted is not clear; but their virtual abstention from voting made it clear to the candidates and the party leaders that neither laziness, nor indifference to the issues, was in question but a deliberate and active dissent from both official

policies. That is what should be manifested now. Already no single party is able to poll a clear majority of votes; and it is not at all farfetched to visualise a situation in which all three parties together will poll a minority of the total votes on the Registers. This would be a case of either *silent mass abstention* refusing to the three parties the mandates that they asked for; or of *vocal mass abstention* offering to give a new mandate to some new party who would act upon it; or a combination of the two. The more of the second form of abstention the better. For, to refer again to the example of the shop window, if a hundred people *walk past* and say nothing, the shopkeeper is left to guess why. But if only one of the hundred *walks in*, says what he wants, and *walks out*, the shopkeeper will get a clue, and, moreover, will be inclined to infer that the reason for the vocal abstention is the reason for the silent abstention. Not leeches, but blood-mixture – not raids on people's incomes but a declaration of the "National Dividend." The slogan: "Distribute The Glut" might serve to focus attention on, as well as to rationalise, the demand for a Dividend.

This dilemma was deliberately prepared by the bankers. We are more sure than ever that they came off the gold standard volitionally, and with the set purpose of procuring the rise in prices, which they knew would follow. They made sure both ways. They thought: For the public lower incomes and low prices; or unaltered incomes and higher prices, but, best of all, lower incomes and higher prices. Since they have the power to control (within certain wide limits) the direction and magnitude of price rises, and at the same time control rigidly the levying of taxes, they are now in the position to ring the changes on these methods of squeezing the public in any way they like, irrespective of whether Mr. MacDonald's or Mr. Henderson's programme finds favour with the electorate. It may be true that New York financiers objected to the size of the dole: but that is not to say that London financiers did not ask them to object.

How people vote is of no consequence at all.

The matter of consequence is whether the public are physically capable of withstanding the impact of the dual levies on their means of existence. Is there a collective margin of sacrifice left? If so, there may be peace. But if not-?

* * *

*In the same issue of **The New Age**, October 15, 1931, the following article by Douglas appeared.*

The Election and the World Crisis

By C. H. Douglas

While there is a sense in which the present situation represents an attempt to exaggerate conditions, which have not changed substantially during the past few months, it would be idle to deny that we have now arrived at a critical point in what is probably the most momentous period of the world's recorded history. Those in control of the forces which to a large extent are concerned in this crisis would not employ tactics of so dangerous a nature as are at present being employed, if they were not well aware that any cards which may remain in their hands must be played.

It is not difficult to recognise and to understand the policy for the moment operating. While this crisis is not our crisis, it is being used to produce a war psychology willing to accept a dictatorship to deal with the emergency. Dealing with the emergency does not, of course, mean dealing with our crisis, it means dealing with the bankers' crisis. The solution of the bankers' crisis would be the intensification of our crisis. In other words, all the efforts at present operative through organised politics are efforts to rivet more firmly the shackles of a defective social and economic system upon an increasingly restive public.

At this time then it is of special importance to consider the dangers of the situation in order that so far as possible they may not be accentuated.

We are so obsessed with the idea of mass action that in many cases it seems difficult for us to see that, in the nature of things, if you organise a party for the for the purpose of conquering a tyranny you must, in the nature of things, organise a stronger tyranny than that which you dispossess.

Without wishing to be dogmatic in the matter, it is my personal conviction that should the world emerge from the crisis into which it is now passing it will only do so by having in some way or other destroyed far more organisations than it will set up in this period, and that superimposing still stronger organisations will not help us. A cursory observation of what is taking place in British politics, staffed as it now is by at least as many Labour and Socialist Cabinet Ministers as are proportional to the Labour and Socialist vote, must convince anyone that the only difference between these gentlemen, and any of their predecessors, is that they are more pliable, because less experienced, tools in the hands of the forces which control any existing government. There is not in the published proposals of any party now going to the polls one single proposal, which would raise the status of the individual in relation to the group. In place of the admitted social and economic inequality of, let us say seventy-five years ago, which (whatever we might say of the conditions at one end of the scale) did prove a very real and effective freedom at the other, we are faced with a series of alternative proposals to deprive all of us of whatever freedom still remains. At this time of crisis, the immediate genesis of which can be traced, perhaps more than to any other one thing, to the negotiations which took place between Lord Reading and American financiers in 1917, we see Lord Reading appointed to deal with the situation which has supervened and Sir Herbert Samuel appointed as Home Secretary to deal with the revolt which may be the outcome.

In any other sphere than that of politics the suggestion that men who have been responsible for a catastrophe are the proper persons to extricate the undertaking and to place it upon a

firm basis, would be derided. The objective of the present election is to place the responsibility for the future catastrophes, which such men as these will produce in their endeavours to retain the monopoly of credit, upon the backs of an electorate, which will be said to have appointed them. **At the present juncture, the energies of that growing number of people who are associated with the policy of this review can best be employed by making a clear distinction between the institution of Parliament as it might be, and a Party system which has been so organised as to prevent its constituents having any power over the**

agenda or personnel. Every effort should therefore be made to prevent the exercise of the vote upon party lines, and where no clear statement, to which the candidate can be held, can be obtained with regard to the specific action he proposes to take in regard to the financial system if returned to Parliament, the electorate should be persuaded not to vote at all.

Specifically, the statement that it is necessary to balance the Budget by taxation or loans [from the banks] should be discountenanced. It is the key to Financial Control

A Reason, or a Substitute for Reasoning?

NOTES OF THE WEEK by Arthur Brenton

The New Age, March 8, 1934

The Douglas Movement bases its educational activities on two fundamental propositions, the one being technical and the other political. The first is that the financial system *automatically causes a shortage of purchasing power*. The second is that something called the Money Monopoly exists, and that the people at the head of it are deliberately *preventing the public from getting to understand* that this is so. The Douglas advocate, insofar as he is able to make contact with the public, is called upon to explain the “how?” of the technical proposition, and the “who?” of the political one. “Give us a *reason* – give us a *name*,” cry the multitudes, oblivious of the fact that in the first place they are without a background, which would make the reason intelligible to them; and that, in the second, no direct evidence can be brought against any person at all. “Show us a sign,” cried the multitudes of old, “that the words you speak are true”; and they were told that they were not going to be given a sign – that if they could not feel the power of the truth in the words spoken, no sign would communicate that feeling.

It is true that the reason is intelligibly communicable, but only to those who are patient enough to undergo the discipline of systematic

research. But to the Douglas advocate the task of contacting such people and persuading them, in an atmosphere of mass-incredulity, to assume the antecedent possibility of the proposition being true (without which assumption who is going to spend time on study?) comes, as near to being insuperable as any task that can be conceived. The masses, when they demand a *reason*, are demanding something, which is really a substitute for reasoning – something, which commands conviction without demanding thought. This is because they have been trained to expect instruction in that form, and because it has always been possible for them to get it in that form in respect of the policies and programmes of which political parties have strewn about for them to wrangle over. Little pieces of irreconcilable truths are all they want, and it is all that they have been allowed to have. And, mentally disarmed as they have become by this armoury of heterogeneous convictions about trivialities, they yet expect, mostly subconsciously, to understand the financial technique for economic synthesis and political reconciliation merely by inspecting an article in a newspaper or hearing a speech in a meeting-place.

Eimar O'Duffy on National Dividend/Basic Income

(Extracts taken from *Life and Money* (1932))

In 1932 Eimar O'Duffy observed that by producing plenty, farmers and manufacturers had brought down prices. As a result, people were thrown out of work, so that they could not buy the plentiful supply of goods or enjoy increasing leisure. Flawed economic theories dictated that incomes from wages could not be replaced by a 'national dividend' so that all could benefit from the general increase in wealth resulting from adoption of the new technologies. O'Duffy commented:

“But if you pay people for being idle, how can you get them to work?”

“I knew that ancient wheeze was coming. Do you really think that a large part of mankind will be content to idle on a basic income when they can earn their present wages *in addition* by working? All normal people get bored by prolonged idleness. That is why the daughters of the idle rich set up hat shops”.

“But what of those who *prefer* to idle? Let them idle. At present we carry millions of unwilling idlers on our backs. The willing idlers will be fewer; and to punish them by denying them their income will be no remedy. It would merely restore that poverty, with all its attendant evils for society, which it is our prime purpose to remove. If a man has a contagious disease, you don't worry whether it is his own fault, but cure him in spite of himself in the interests of society in general. Poverty is more destructive and infectious than any disease.

“Moreover, it is not the function of an economic system to punish anybody. You don't expect it to punish murderers or thieves: that is the business of the law. The present economic system does not punish idlers except accidentally: on the contrary, some of its richest rewards go to idlers. The business of an economic system, like that of a shopkeeper, is to deliver the goods, not to

reform the customer.”

O'Duffy explained the case for a secure income for all on the following grounds:

“The Socialist says: ‘Nobody should have an unearned income.’ Social Credit says: Everybody should have an unearned income: **and it is there waiting for him.**”

“That unearned income will be an equal share [regardless of wages and salaries] in that potential surplus of goods due to the productivity and economy of modern machinery as compared with hand labour. It is our share in the bounty of nature, and our heritage in the work of our ancestors. **Nobody ever produces anything entirely by his own efforts.** He is always assisted by natural forces, accumulated knowledge, and the organisation of society. Take the case of a man growing cabbages in his own back garden. He gets the sunlight, the wind and the rain free. He owes his spade to the remote ancestors who first smelted iron and thought out and improved the implement (he cannot claim to have paid for all that with seven-and-sixpence [£20 in present terms]. Then the qualities of the cabbage itself, latent in the seed for which he has paid three pence a packet [70p], are the result of countless experiments of which he knows nothing. Finally, the whole organisation of society is behind him to secure him in the possession of his crop. If this is true of such a simple thing as a cabbage plot, how much more does it apply to the complicated processes of modern industry. There is no such thing, in short, as a self-made man. We all help to make one another, and none of us does more than to contribute some small addition to the accumulated wealth of society. No need to inquire into merits and demerits. You cannot deny the inheritance to anybody without injuring everybody.

“Remember, too, that we are lifting from the vast body of the nation that burden of anxiety under which every worker in every sphere of life is now compelled to labour – the haunting dread of what will become of them if, for one reason or another, their work shall cease to be needed. For what with rationalisations, amalgamations, efficiency campaigns and economy drives, scarcely a single job can be considered really safe. And, of course, the old enemies, sickness and death, remain with us ever. ...

“Remember, finally, that we are not primarily concerned with the benevolent purpose of relieving suffering. We have arrived at this

conclusion as a result of scientific reasoning with the object of making the economic machine function properly. This free gift is not charity: it is oil in the wheels of the machine. In bestowing it we are showing no more benevolence than a motorist does when he oils his engine.” (p108)

The fictional *Asses in Clover* covers the same points as those made in *Life and Money* with a great deal more insightful humour than can be found in the tomes of the ‘dismal science’ as taught in institutions of education.

This piece is taken from Dr Frances Hutchinson’s Commentary on *Asses in Clover*.

The pilgrimage of Mac ui Rudai

(An abridged extract from Eimar O’Duffy’s *Asses in Clover*, book 1, chapter 7)

N.b. Mac ui Rudai represents the ‘man in the street’

This is the tale of what happened to Mac ui Rudai. Being a god-fearing decent fellow (with limitations) as we have said, he went looking for work that he might earn him the wherewithal to have the home and the wife of his desire; and he thought that having lusty muscles and a taste for sunshine and fresh air, and as there were many hungry people in the world, he could not be better employed than in the growing of wheat. Now this was in the days before the wise policy of King Goshawk had put restriction on wheat production, and the world was full to over-flowing of golden grain. The growers, therefore, told Mac ui Rudai that they had no need for his services, and sent him away. After he had wandered many days in this fashion, he began to be hungry; and on being told for the hundredth time that on account of this plentitude there was no work for him to do, he asked for pity’s sake for a crust of bread. But the farmer said: ‘No, why should I give you what you have not earned? Does not the scripture say: he that doth not work, neither let him eat. And between falling prices, and taxes to keep the likes of you in idleness, I can’t afford it anyway. Be off out of that.’ This appeared very sound to Mac ui Rudai; who thought it only

fair that a man should work for his keep, and revered the scriptures withal. So he went his way hungrier than ever.

All this time there was a fleet of Goshawk’s aeroplanes flying overhead, writing ‘Eat More Bread’ in letters of smoke upon the blue vault of the sky. After them flew another fleet equipped with loudspeakers, which all shouted in unison: ‘Spread It With Butter! Spread It With Butter!’ And in every tree by the roadside there was another loudspeaker that shrieked: ‘Have Some Jam!’ or ‘Try A Spot Of Cheese!’ or even ‘Eggs And Bacon!’ The art of publicity was at its zenith in those days, in so much that it was the boast of the trade that nobody could ever get out of sight or hearing of an advertisement of some sort; and they were even then perfecting a process by which advertisements could be conveyed to people in their dreams by means of a special sort of wireless waves.

Presently Mac ui Rudai met a bluff hearty-looking man with a round benevolent face and an air of prosperity about him, taking his ease on the King’s highway. This was Professor Banger, the celebrated economist; but Mac ui Rudai, seeing how well dressed he was, and thinking

that one so favoured by heaven must be fruitful in good works and kindly disposed towards the unfortunate, hailed him as a man and a brother, and having laid his case before him, begged earnestly for his advice. Professor Banger very generously tendered him a shilling and spoke in this fashion:

‘My poor fellow, yours is indeed a sad case, but you must not imagine it to be unique. There are millions of men as deserving as you—forty nine million, nine hundred and seven according to the latest figure—in a similar plight; and I regret to say that in the present financial condition of the world there is no hope for you. Utopian dreamers and sociological writers, whose imaginations are unchecked by knowledge of the facts, will tell you that a better distribution of the product of industry will solve your difficulties; but I have proved by indisputable figures that that is untrue. If the present annual income of society were distributed equally amongst our whole population, do you know how much would be the share of each individual?’

‘No sir’ said Mac ui Rudai.

‘Four shillings and fourpence farthing a week’ said Mr Banger. ‘You couldn’t live on that, my poor fellow, could you?’

‘No, sir’ said Mac ui Rudai.

‘So you see, my poor fellow, the remedy of your troubles lies not in the redivision of the present national income, but in the whole community setting to work to increase that income.’

‘Yes, sir’ said Mac ui Rudai, ‘and therefore I am using my best endeavours to get some work to do. Can you advise me where work is most likely to be needed?’

The Professor shook his head gravely. Said he: ‘I am afraid that in the present unfortunate condition of our magnificent economic system, there is no chance of work being required at all.’ ‘I don’t rightly understand that’ said Mac ui Rudai. ‘You said just now that the way to put things right was for everybody to work hard.’ ‘True’ said Professor Banger. ‘But in the present

unfortunate state of affairs nobody can afford to employ you. Political economy, you know, follows certain inexorable laws which it would bore you to listen to, and which you can never hope to understand. The dismal science, you know’ he said gaily. ‘The dismal ‘science! Good-bye, my poor fellow. I must be going.’

So Mac ui Rudai was left standing in the King’s highway, the richer by a shilling and some statistical information; but the shilling fell through a hole in his breeches pocket, and the statistics were no great consolation to a hungry man. He wandered on and on for a long time, getting hungrier and raggeder every day, till at length he met another prosperous looking man with mild eyes and a drooping moustache, to whom he addressed himself very humbly. This was none other than Mr Addled Crock, the famous economist. He listened to the tale of Mac ui Rudai with the sympathy of a statistician, nodding his head at each fact, and recording the more interesting ones in a notebook. Then he spoke in tones overflowing with sociological regret and hopelessness:

‘My poor fellow, yours is indeed an unfortunate case, and illustrates one of the curious paradoxes of our magnificent economic system. It may seem strange to you that the reason why you are hungry is that there is too much wheat in the world, and that the reason why your trousers are in rags is that too many trousers are being produced. But nevertheless that is the case. Overproduction and overpopulation are the twin evils from which we are suffering—too many goods and too many people—the inevitable result of disregarding the inexorable laws of political economy.’

‘I do not understand’ said Mac ui Rudai stupidly.

‘Well, you see’ said Mr Crock, ‘if fewer trousers were being produced, you would have a chance of getting a job in a trouser factory, and so you could afford to buy yourself a pair of trousers; and, of course, if there were fewer people in the world, your chance of getting a job would be greater still. That’s simple arithmetic.’

Mac ui Rudai, having learnt some simple arithmetic when at school, was forced to agree. Mr Crock praised his intelligence and continued:

‘The truth, my poor fellow, is that you ought never to have been born. From the industrial point of view, this country requires hardly any people, for by the use of modern machinery a few hundred men can produce billions of trousers in a few weeks.’

‘Who’s going to wear ‘em?’ asked Mac ui Rudai.

‘Aah!’ said Mr Crock. ‘There you touch on the real problem—the problem of marketing. How are we to escape from these difficulties

caused by the present lack of balance between production and consumption? The answer, as I have pointed out in the press, is to develop our export trade. The potential world market for trousers is enormous. Think of the multitudes who have no trousers. All we have to do is, by an intensive educational and publicity campaign, to make these people trouser-conscious, and so create a demand for our trousers. Then since exports are always paid for by imports, we shall receive in return a valuable trade in cheap loincloths (carried, of course, in British bottoms) with which to clothe our own trouserless poor.’

The grandeur of this conception fairly took Mac ui Rudai’s breath away.

It is Freedom – or it is not – Which is it to be?

Wallace Klinck

We have to make up our minds definitively: We either respect our fellow citizen’s right to make his or her own choices in life, or we do not. This is a battle of the mind, which must be resolved. I remember taking a course in comparative economic systems (actually a contradiction in terms because all taught economics are of the same genre - being essentially scarcity-work oriented) where a guest professor who had been in charge of central planning for the mining industry in Czechoslovakia under the communist regime had been invited to speak on “central planning.”

Originally the planners tried to conceptualize what should be produced and consumed by the population and they attempted to insert this data into input-output tables. Of course, predictably, the task became so complex that the five-year economic plan fell increasingly and hopelessly behind schedule. So, the planners - ever reluctant to give up their regimentation of other people, decided to use differential equations to facilitate their task of mobilizing the population. After about a full week of writing equations from one side of the classroom to the other the professor suddenly halted, turned to the class

and declared, “You see, it is impossible!”

I approached the professor afterward and asked, “Professor (Skoda, his name, if I remember correctly), does it not seem to you that it is the supreme arrogance for a small group of people to sit on a mountain-top and try to conceive what should be produced and consumed by all the people of a nation?” To which he replied, “Yes, when you think about it, it is.”

C. H. Douglas stressed that the sole purpose of production is to serve consumption and that genuine democracy requires consumer control of production policy (not of administration). This matter is not peripheral but is central to Social Credit policy, in keeping with Social Credit philosophy.

The dangers to human life and freedom of centralized policy control over economic activity far exceed any expression of individual preferences by consumers at large. One must remember that the insane quest for survival on the steepening treadmill of debt currently drives industry and society as a whole into an increasing obsession with production and

sales in a futile attempt to borrow, produce and consume our way out of financial debt... which increases disproportionately with every genuine advance in production efficiency. Consumers must work harder and harder to meet their escalating debts and this requires support through sales of the products of their effort - irrespective of whether such products are really valuable to, or desired by, them.

Social Credit to the fore...

In a Social Credit dispensation no such problem would exist. Consumers would always have full access to the totality of consumer goods without the necessity of contracting debt. They would opt for increasing leisure and cultural activity and no longer be obsessed with "economics." Being less pressured by the mere task of financial survival, they would have more time for genuine reflection and development through discriminating thought processes of more refined judgement and moral or ethical principles. The climate of the current financial-economic regime based on the survival of the fittest (except for

pathetic crumbs re-distributed via charity and basic social welfare) is destructive of such processes of the development of ethical thought and practice.

We must provide an environment of economic security, which affords all citizens a genuine opportunity to develop and grow in their personal intellectual, spiritual and moral stature. They need freedom of choice in order to develop such attributes.

Planning for them merely suppresses their individuality and latent talents - which serves the ends of the financial tyranny under which we all now labour, live and die - a tyranny which seeks primarily a compliant, de-cultured, de-spiritualized mass world proletariat. One must always bear in mind that in Social Credit we enter into a different conceptual and practical world of awareness and experience."

This piece first appeared in the May 2009 issue of *On Target*

The Abracadabra of Finance

G.W.L. Day

Social Credit, July 26, 1935

"If the newly published Report of the Forestry Commissioners were a musical composition," says *The Times*, "a critic might say of it that the opening movement was marked by a profound melancholy." It goes on to explain the reason for this melancholy. The Commissioners have hardly any money to plant trees and they never know from year to year how much less they are going to get. They can neither plan nor carry out the plans.

When they obediently adapt their schemes to a new scale (which is always a smaller scale) of finance, they can only do so by wasting a great deal of work already done and of material already in existence, including large numbers of nursery plants." The result of all this is "it is more than doubtful if any real progress has been made in maintaining the existing woodlands on

even the relatively low pre-War standard."

Well, here is another example of enterprise misdirected by the idiot brain of finance. Imagine a military expedition in Abyssinia taking its orders (by wireless) from a War Office, which runs the campaign according to the weather conditions in Whitehall. Just when the unfortunate troops have completed their preparations for an attack they may be ordered to retire. After digging themselves in all night they may suddenly be ordered to advance.

This is the sort of thing, which the Forestry Commissioners have to put up with. Finance gives the orders, and the orders have nothing whatever to do with trees, but only with abstractions represented by figures in ledgers. So they hardly dare to make any plans at all, not

knowing what their next lot of orders will be, and constantly they have the dreadful task of murdering their own baby. No wonder the report is melancholy!

There is just the same state of affairs in the railway world. A time comes when certain extensions or improvements, such as electrification schemes, become due, but the banks refuse to put up the necessary credit (the nation's credit, of course) on the plea that we cannot afford it. So the work is hung up.

Years pass. Then suddenly for reasons of *financial* policy, the banks decide to create the money and lend it. They give the word "Go!" and the government floats a loan, 90% of which is subscribed by the banks and financial houses by writing drafts on themselves. It is then solemnly announced that the public has oversubscribed the amount of the loan in half an hour! But the truth will out at times.

Now it is quite obvious that Finance can always go through this piece of mummery whenever it chooses, and that it chooses only when it suits its own ends. In pleasing contrast, once mumbo-jumbo has, perhaps after years made up its mind, the people who have to do the real creative work, the engineers and their staff, go straight ahead and do the job efficiently, without fuss, without hesitation, and without delay.

To say that there is not enough money in the country to plant trees is exactly like saying there are not enough letters in the alphabet to frame an Act of Parliament. There is no limit to the

number of a's, b's and c's we can use because letters are simply a literary convenience.

In the same way financial credit is a convenience, and of itself has no power to aid or hinder. But just as letters of the alphabet can be used to frame a curse or to pronounce a blessing, so financial credit is used to allow or prevent us from planting trees, electrifying railways, and many other things which we are physically capable of doing.

Many people smile at mediaeval accounts of witchcraft, but are they not bewitched in the present year of grace by the shallowest of charlatany based on mere scratchings of the pen? Modern finance is every whit as fraudulent as the shiftiest mesmerist that ever imposed upon a country bumpkin.

Would you argue with a man whom you had detected in fraud and who tried to justify his conduct with some abracadabra of his own invention? No, you would call in the police. The police in this case is parliament, which instead of carrying out its duties stands by while finance mutters its mumbo-jumbo.

How much longer are we going to put up with this preposterous state of affairs? One thing only will break the spell, and that is the will of the people. We must show the self-appointed arbiters of our destiny that it is our destiny, and that we will order it, through our Parliament, and they must obey, for, once we assert it, our will is irresistible.

Book Review

Free from Dogma: Theological Reflections in The Christian Community

TOM RAVETZ

Floris Books 2009

ISBN 978-086315-690-8

£14.99. pb. Pp144

Free from Dogma explores the theology of The Christian Community, an international movement based upon the inspiration of Rudolf Steiner. Since its foundation in 1922,

communities were formed in many towns in Switzerland, Holland, Czechoslovakia, Norway, Sweden and Great Britain. However, the movement was particularly strong in German-speaking central Europe where traditional churches failed to prevent the emergence of ruthlessly anti-Christian Nazism. The Christian Community was formed by people from all walks of life, including theologians, agriculturalists, businessmen, teachers, scientists

and students who devoted their lives exclusively to ministering to The Christian Community in an entirely voluntary capacity. Significantly, they were ruthlessly suppressed by the Nazis, their buildings and books destroyed, houses ransacked and priests imprisoned.

Now, half a century later, Tom Ravetz, a priest of The Christian Community, reviews the theology of the movement. Ravetz outlines the development of Christian theology from its roots in Greek mythology, through the faith in the single God of Judaism. Christ’s spiritual revelations on the road to Emmaus provide the starting point for the establishment of a specifically Christian theology. However, the Church and State alliance of the Roman era led to the development of dogma so that, mixed with politics, theology could become a substitute for direct experience of God. In the modern era, scientific dogmatism has given rise to denial of the existence of God. Humanity stands alone in a spiritually empty universe.

The book is in two parts. Part I, entitled “The Existence of God”, provides valuable reflections on the key issues of the age. These include the very existence of God, the nature of the Trinity and the dilemma of man-made evil in a world created by a loving God. The book is strengthened by the inclusion of personal experiences in support of the reflections. Part 2 focusses on the task of The Christian Community in overcoming the loss of the original unity with God. The author acknowledges the debt of The Christian Community not only to Rudolf Steiner, but also to the reflections of Christian theologians over the course of twenty centuries: “Even the driest of dogmas can provide a kind of grammar, a

framework within which a living theology can develop.”

Written primarily for “those who have encountered Christ in his sacraments as they live in The Christian Community”, the book is a source of profound reflection on human spirituality in the twenty-first century. However, one is left with the sense of an opportunity lost, in that there is little or no attempt to reach out to individual lay people within the traditional churches. The movement for Catholic Women’s Ordination, for example, might be one group amongst many who could potentially work alongside The Christian Community in the quest for a Christ-centred practical theology for our times.

Mac ui Rudai continues his questioning...

‘I understand that you have been talking the language of economics.’

‘The dismal science’ said Professor Whipcord. ‘Ha! Ha!’

‘Ha! Ha! Ha!’ said Mac ui Rudai. ‘And now can your honour tell me if this ‘ere economics can explain ‘ow I’m to be purvided with a ‘ome and livelihood?’

‘I’m afraid not’ said Professor Whipcord. ‘The science of economics explains – as I have just shown - exactly why you cannot have those things. Further than that it cannot go.’

‘Lor, guvnor’ said Mac ui Rudai, ‘am I never going to ‘ave nothing nohow?’

‘I fear not’ said Professor Whipcord. ‘It seems hard, but there you are. Man cannot control the laws of economics. They control him. Good morning.’

Secretariat

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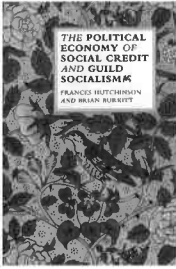
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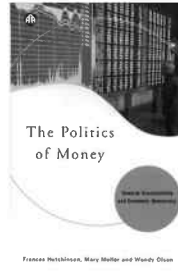
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Recommended Reading



Frances Hutchinson & Brian Burkitt
The Political Economy of Social Credit and Guild Socialism

(Jon Carpenter £12.99)



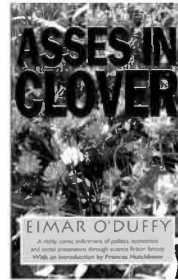
Frances Hutchinson, Mary Mellor & Wendy Olsen
The Politics of Money: Towards Sustainability & Economic Democracy

(Pluto £16.99)



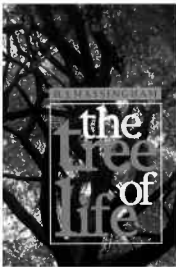
Frances Hutchinson
What Everybody really wants to know about Money

(Jon Carpenter £12.00)



Eimar O'Duffy
Asses in Clover

(Jon Carpenter £11.00)



H J Massingham
The Tree of Life

(Jon Carpenter £13.99)

Books by C H Douglas

(available in the Social Credit Library)

Economic Democracy

Social Credit

The Monopoly of Credit

Warning Democracy

Credit Power and Democracy

The Control and Distribution of Production

Frances Hutchinson

Social Credit? Some Questions Answered
(KRP £5.00)

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(It would be very helpful if material were submitted either by e-mail or on disk if at all possible).