SOCIAL CREDIT

IS FOR ME

by

A. E. WILLYAMS

CHRISTCHURCH, NEW ZEALAND

CLIFFORD HUGH DOUGLAS

A photograph taken in Christchurch, I3th February, 1934.

'The death of Mr Clifford Hugh Douglas . . . has removed from our midst one of the greatest Scotsmen of the past hundred years, and, in relation to his own subject, the greatest of all time . . . Douglasism to-day is a live issue confronting every civilised government; it is pushing its way ahead and numbering its adherents by thousands in the United States, Australia, Canada and New Zealand . . . Make no mistake, however carefully the issue may be kept "under the counter", it has been well enough recognised for the past twenty years at least by all the financial and political chiefs throughout the world.'

HUGH McDIARMID in the *Scottish Journal*

DOUGLAS

on Social Credit

'WHAT are we aiming at? What are we trying to get? We are endeavouring to bring to birth a New Civilisation. We are doing something that really extends far beyond the confines of a change in the existing financial system. We are hoping, by various means, chiefly financial, to enable the human community to step out of one type of civilisation into another type of civilisation, and the first and basic requirement, as we see it, of that is absolute economic security.'

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PREFACE

SOMETIMES, after having endeavoured to explain the NEW Economics, a listener will exclaim as follows: 'You fellows wave your arms about, talk in millions, talk production and consumption, National Debts and Debt Free money--and while I am listening it all sounds quite logical, but I never seem to be able to get at the core of the matter. Could you not strip it down, and tell in a few words, in a simple way, just the crux of the matter so that I can understand it and come to my own conclusions?'

My endeavour in this booklet is to state the case to fulfil this requirement. At the same time I must protect myself against any criticism levelled upon the grounds of incompleteness, and will agree at once that I have deliberately left out that which, in my opinion, could be considered debatable, may or may not apply in certain circumstances, or which could only be explained in technical terms.

Let it be quite clear that this is an endeavour to tell the story in conversational style and to eliminate as far as possible ambiguous terms. It is *not* a text-book on Social Credit.

Again, I realise that others might approach the matter from quite a different angle, and perhaps place more emphasis upon some phases on which I have not elaborated. Well, so be it.

ALBERT E. WILLYAMS

Christchurch,
October, 1953

TO MY WIFE

for her sacrifices through the years while my time has been given to Social Credit.

SOCIAL CREDIT IS FOR ME

CHAPTER I

THE CAUSE OF ALL THE TROUBLE!

SOCIAL CREDIT PROPOSALS are a means to an end. Economic Security plus individual freedom for ALL. This is, of course, a result desired or an objective, which implies that this condition is not present in general in the community. He would be a very singular individual who would disagree with the objective: in fact the philosophy of Social Credit demands an acceptance of this general objective, otherwise the reader will find it most complicated and difficult. If one has a really keen desire and an enthusiasm for the establishment of a better, finer and more certain state of affairs among men--economically, politically and spiritually, then this attitude of mind will make it easier to shed orthodox ideas.

Now, a very profound proposition can be put forward for discussion, the answer to which will be the best way to enlarge upon the theory of Social Credit: Proposition: Why is it that all rational men and women in all walks of life have in their hearts the wish, the will, the desire and the prayer upon their lips at all times of 'peace on earth--and goodwill towards men', and yet!--they get Bloody War! Economic War! Depressions! Poverty amidst plenty! Fear! Hostility! Antagonisms! Loss of self-respect which leads to Crime! Degradation! Embezzlements! Disputing Factions!

‘Party’ Machine Politics! Frequent changes of Government! Colossal Debt! National, Local Body and Private Debts! Always getting worse and never a glimmer of a change in the opposite direction. Why? Oh, why?

Well--the short and direct answer is a faulty Economic System! Brave words, you say! I know there are many different answers, and many different theories, but we will discuss some of these later.

PRESENT ECONOMIC SYSTEM: The Economic System is a mechanism made up of three integral parts, Production, Consumption, Money. This mechanism is comparable to, say, a motor-car engine. If any one part is out of adjustment the result will be uneven running, clatter, bump, boom, slump, and all the adverse effects one does not want. Now it will be very interesting to enquire into this economic mechanism and see just where the fault lies. When the ‘fault’ is known this should at least suggest the adjustment required.

Now here are two statements well worth memorizing:

Firstly--The only way money comes into people’s hands is by way of wages, salaries and dividends (profit) from Industry.

Secondly--Industry does not generate sufficient purchasing power to liquidate the prices of goods produced, and unless there is a fresh flow of money from another source the goods must remain unsold.

Just a remark in regard to the first. We know that a lot of things are done with money after it has been received from production, such as saving it, investing it (re-investing it), buying and selling it on the Stock Exchange as a commodity, *but only AFTER it has been received from production.*

PRODUCTION: What is production? The short answer is the production of all useful things. Economically speaking they are food, clothing, shelter and services.

Now read this carefully. Production has two simultaneous functions--the processing of manufacture from the raw material to the finished article, and the distribution of money by way of wages, salaries and dividends.

To explain this further, and to demonstrate the dual functioning of industry let us go into the jam-making business, commercially, of course. We take a small area of ripe raspberries (raw material). We employ a few hands to gather the fruit, to whom we pay wages, say £l (merely a simple figure of finance). Now we have a quantity of raspberries. We order a quantity of sugar, for which is paid £l, being the wages, salaries and dividends in the production of this quantity of sugar. Next, we require heat to boil the fruit and sugar, either coal, wood, gas or electricity, say, coal, for which is paid out £1. The next requirement is, let us say, small 1 lb. tins, for which is paid out £1. Then we must have a fancy label on the tin, for which is paid out £1. An order is received from the wholesaler for a few cases of raspberry jam. Here we call in transport, for which service a £1 is paid.

An order is received from the retailer for a quantity of raspberry jam for which he pays out £1. Now the retailer has expenses known as 'overhead' (rent, lighting, telephone, employees' wages, etc.), a proportion of which is added, say £1. These are his costs. By dividing his total financial cost by the total tins of jam (units of goods) he finds his cost per unit is say, 6d.

Now, here--at the retail counter--is the point where Production meets Consumption--one of the three integral components of the Economic System.

CONSUMPTION: What is Consumption? Like Production --it has two requirements which function simultaneously. The need of food, clothing, shelter, services, and the ability to buy --pay for--or defray the financial cost of Production. The chair you sit in, or the carpet at your feet, may still be in use, but when their retail financial cost has been defrayed at the point of production, it is considered as having gone into Consumption. So Consumption is the 'need' for goods or services and the 'Money' to buy: pay, or defray their Price. The 'cost' of Consumption is the 'Price' placed upon Production! Hence the cost to consume is the financial cost of Production. It will now be necessary for the purpose of clarity to introduce a diagram.

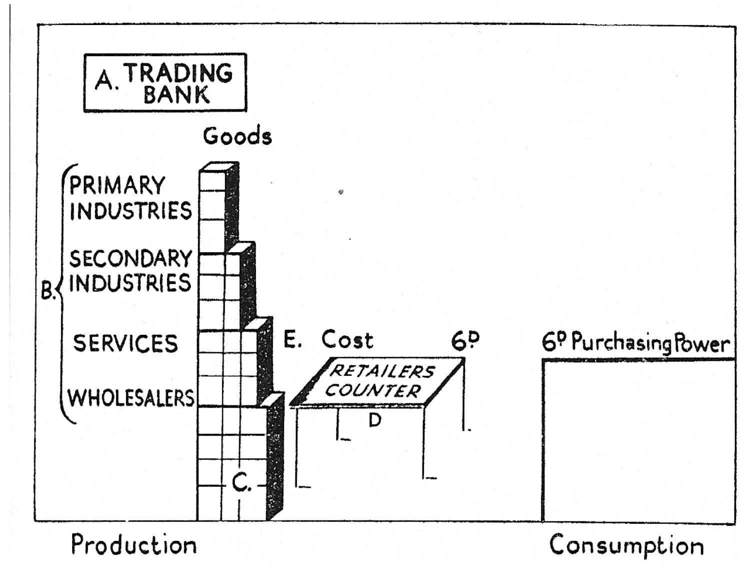

DIAGRAM I

A. on the diagram represents a private bank. What is a private bank? There are two short answers (and they are given without prejudice). Firstly, it is a limited liability company, in existence for the chief purpose of providing dividends for its shareholders: It may have the name 'Bank of England', 'Bank of New South Wales', or 'National Bank of New Zealand', but it has no direct connection with the Government of that country. Secondly, a private Bank is the *only resort* of traders for money. Hence, they are also termed Traders Banks or Trading Banks. Now, to get on with our diagram (more about Banks and their functions later).

B. is a representation of production: Primary and Secondary Industries (processes of manufacture) and Wholesalers in the production of units of goods (raspberry jam).

C. represents units of goods and can be visualised as coming from industry or piled up at the back of the counter of the retail store.

D. represents the counter of any retailer's store, which is the point where Production meets Consumption.

E. Represents the cost and also shows the amount of money distributed to consumers by way of wages, salaries and profit during production. (That is 6d. Purchasing Power), which is the amount required to defray the cost of a unit of goods before it can go into consumption. If this were the complete story everything would be satisfactory. But alas, it is not.

You will remember our retailer with his cases of raspberry jam worked out the financial cost of one small tin of jam (unit of goods) at sixpence. This appears on the diagram--cost 6d. on the counter. This is the value of *each* of the hundreds of units of goods (raspberry jam) piled behind the Counter.

CHAPTER II

THE 'GAP' OR 'FLAW'

IT WOULD BE AS WELL to reiterate that Industry does not generate sufficient purchasing power to liquidate the prices of goods produced and unless there is a fresh flow of money from another source the goods must remain unsold. The reason for this is that additional financial costs are added to costs which are not distributed to become added purchasing power. A second diagram will now be required, which is the same as the first, but additional costs have been added.

INTEREST: (F) per Diagram 2. It will be remembered that one of the answers to the question, What is a Private Bank? was: 'A Private Bank is the *only Resort* of traders for money.' Now the three parallel lines in our Diagram 2 represents a flow of money from the Bank, through Production, through Retailers and passing on to consumers to become purchasing power. Now, the banks only lend this money on the understanding that you pay back more than they give out, *i.e.,* interest. *The bank never lends the interest!* The Retailer therefore adds an additional cost for interest, which is a figure of financial value which has *not* been distributed to consumers. This now makes the value of our unit of goods sevenpence. (It is not to be understood that the interest on sixpence is one penny--but is merely a figure of finance for demonstration purposes)

TAXATION: (G) Diagram 2. It is not commonly understood, nor widely recognised, that every adult individual functions in two capacities, as a private individual and also as a member of the public. As private individuals we have our family: home or property: business and social life: private money in the private bank or Post Office Savings Bank, etc. Now, we also have obligations to the public and are entitled to privileges as from the public. There are matters in the community which it is not the business of any private individual to attend to. Therefore the whole population has set up a 'small committee' to arrange these matters for and on behalf of all the people.

This 'small committee' is known as Parliament or Government. *There can be no reason for the existence*

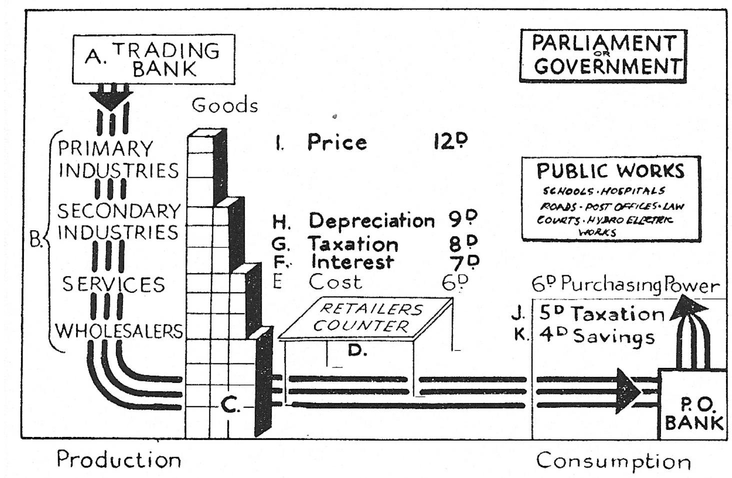

DIAGRAM 2

of the 'small committee' for its own purposes. Its only purpose is to arrange and organise matters which it is not the business of private individuals to do, for instance, Defence (Army, Navy, Air Force); Transport (Roads, Railways); Education (Schools); Health (Hospitals); Law and Order (Police and Courts) and many others. Now, anything by way of materials, or services rendered to the 'small committee' is paid for with money. During the past years our 'small committee' has had recourse to the private banks for loans, similarly to private business people. (It will be remembered that banks require that more shall be paid back than they lend: interest).

To obtain the money to pay the interest on public loans, our 'small committee' demands money from the people and it is known as Taxation. This is obtained in two ways, by 'Indirect' Taxation and 'Direct' Taxation.

'Indirect' Tax takes the form of a financial value which goes on to our unit of goods, but is *not* distributed to the consumer to become purchasing power. Therefore, by adding a nominal figure of one penny to represent 'Indirect' Taxation, our unit of goods is now valued at 8d. (G), Diagram 2. We have now dealt with 'private' bank interest.

DEPRECIATION (H) Diagram 2: It will be clear that Farms and equipment, Factories and Equipment, in fact all means of Production depreciate through wear and tear. The introduction of new inventions and new ideas, make them obsolete. Prudent business men anticipate the day when these must be renewed, repaired or even scrapped and replaced. So a financial value is added to our unit of goods, but is *not* distributed to the consumer to become purchasing power. Thus, by adding a nominal figure of one penny to represent depreciation our unit of goods is now valued at 9d.

PROFIT OR DIVIDEND (I) Diagram 2: It will be clear so far that our Retailer has been distributing money (Costs) and has arranged for his own, 'Interest', 'Taxation', and 'Depreciation', which he will pay ultimately. He now begins to think about himself. He is a consumer, like everyone, else, and must provide some purchasing power for himself and his family. So, without prejudice, bias, or consideration of the question as to whether it is too much or too little, a financial value is added to our unit of goods, say, 3d., but which has *not* been distributed to the consumer to become purchasing power. Therefore, by adding a financial figure of 3d. to represent profit, our unit of goods is now valued at 12d. This is now the actual retail , 'PRICE'. This is the price in money which must be defrayed before it can go into consumption.

DIRECT TAXATION (J) Diagram 2: Now let us go to the consumer side and see what happens to money marked 6d. Purchasing Power. We spoke earlier of Taxation--of the two kinds : 'Indirect' and , 'Direct'. The former has been dealt with. Now, 'Direct' Taxation is paid directly to the 'Small Committee' and is therefore not available to the person parting with this money in taxation to go to the market to buy goods. I know there are those who say immediately, 'but this money is returned to the people by way of Pensions, Public Servants Wages, etc.' We agree, but to the extent that this money is used to pay interest and Sinking Funds upon National Debt, this payment does not come back to consumers as purchasing power. In this way the purchasing power is reduced by, 'Direct'

Taxation, i.e., from 6d. to 5d. (still using our nominal figure of a penny).

SAVINGS (K) Diagram 2: The private individual (like our friend the prudent business man) anticipates the future when he will be too old to work, or may fall sick, or perhaps because of new inventions or new methods, will become obsolete as a tradesman or craftsman, decides not to spend all he receives, but saves some for the rainy day. This spare money he deposits with the private bank or Post Office Savings Bank.

You may want to know just what is the difference between a P.O. Savings Bank and a Private Bank. Here are some of the differences. A P.O. Savings Bank is arranged and organised for us by our 'Small Committee' as a place of safe keeping for our private money. It does not lend money. It does not accept fixed or time deposits. You cannot transfer monies by cheque.

To return to Savings. It is important to understand that whilst money is 'saved', that is, in the banks, it is out of circulation. One cannot have it in the bank and spend it on goods. Thus our purchasing power is reduced by our nominal figure of one penny, which means, at any given moment, the purchasing power present to cancel the financial cost of our unit of goods is reduced to 4d. In other words, this is a stoppage in consumption without its equivalent stoppage in production, or saving money means saving goods.

OTHER POINTS: It must be understood that there are innumerable points which have an influence upon the discrepancy between production and consumption, but I promised you that anything which tended to confuse, complicate, or hinder our endeavour to state the case broadly would be avoided. These matters can be gleaned from other and more comprehensive publications. Some will be dealt with briefly, under the heading '*Straw Men*'.

THE 'GAP': Now we are faced with the question, 'How can a unit of goods with a financial value on it of 12 pence be bought or sold with a purchasing power of fourpence?' The short and direct answer is--it cannot be done!

This is the 'FAULT' in the Economic System.

This 'FAULT' is what is meant when Social Crediters speak of the 'Gap'. Let it be said at once that this is not an invention (as some would suggest) but a profound discovery. This discovery and its solution was first put forward by Major C. H. Douglas about the year 1916.

WHO WAS MAJOR C. H. DOUGLAS?: Major C. H. Douglas, M.I.Mech.E., M.I.Mining E., M.I.E.E., was a Scottish Engineer and Economist. He was educated at Cambridge University. He was Chief Construction Engineer in India; deputy chief in control of the Buenos Aires Pacific Railway in 1911; he constructed the Post Office railway in London 1913-14; and during the Great War he was Assistant Superintendent at the Royal Aircraft Factory. In 1923 Major Douglas was chief European witness at the Canadian Parliamentary inquiry into Banking and Commerce; in 1929 he was a member of the World Engineering Congress at Tokyo (Japan); in 1931 he was a witness before the MacMillan Committee on Finance and Industry.

In addition Major Douglas has written several books on Social Credit and Credit Power. A. R. Orage, the brilliant English Editor and Economist, has written his impression of Major Douglas in these terms:

‘His knowledge of economics was extraordinary, and from our very first conversation everything he said concerning finance in its relation to industry and, indeed, to industrial civilisation as a whole gave me the impression of a master-mind perfectly informed upon its special subject: after years of the closest association with him, my first impression has only been intensified. In the score of interviews we had together with Banks, Professors of Economics, Politicians and Business Men, I never saw him so much as at a moment’s loss of complete mastery of his subject. Among no matter what experts he made them look and talk like children.’

CHAPTER III

WAYS AND MEANS

Now, whilst Major Douglas has put forward proposals calculated to give the 'result desired' or objective, that is economic Security and Freedom to ALL--and we will state these proposals later--we think it best to cover first very briefly, various ways and means that have been and still are being tried to overcome our difficulties. It cannot be said that they have been trying to overcome the 'gap' in particular, but have really been dealing with adverse effects.

REDUCING COSTS-RAISING WAGES: This I propose to elaborate upon by telling a broad story about politics in New Zealand (no reference whatever to 'Party'), say during the past 20 years or so.

About the year 1930 Sir Otto Neimeyer came to Australia and New Zealand as adviser to the respective Governments. He was a noted Economist, Director of the Bank of England, and very well known in financial circles in the 'City' of London. Well, he told our Minister of Finance, that the unsatisfactory state of affairs in all countries would not improve until values were brought to a lower level. The inevitable inflation, which took place during the Great War, meant that securities which the private banks lend money against were overvalued, and whilst the banks were keen to assist industry, they were prevented from doing so by these overvalued securities, and the only way out was to reduce their values. So that no individual should have to bear the brunt, or that the banks should have to discriminate between one individual and another, Sir Otto appealed for State action so that all would take their fair share. These may not have been his actual words, but what he really meant. Now, it would be fair to say that the Finance Minister would not feel inclined to fly in the face of advice of an expert of this standing; so--I presume he would ask how to go about this.

Well, many will remember the edict of the Government of that time which ordered that all wages, salaries, interest rates (except the banks, of course) should be reduced by 10 per cent, and in six months a further 10 per cent! It is not our job here to paint a picture of the depression period in New Zealand from 1930 to 1935. In effect this little gem of a country, which compares more than favourably with any country in the world in its ability to provide its small population with a high standard of life, was virtually brought to its knees by this deliberate deflationary policy.

Now, let us apply the acid test by turning to our Diagram 2 and see if this policy effectively closed or bridged the 'Gap'. What happened was this. The farmers, manufacturers, wholesalers and retailers went to the bank for 20 per cent less money--which reduced costs to say 4d., which reduced purchasing power to 4d., then adding other items as usual reduced the price of our unit of goods to 10d. 4d. from 10d. leaves a 'gap' of 6d.--exactly the same as 6d. from 12d. leaves 6d. No remedy here in reducing costs!

Here we may thank goodness for the small modicum of democracy still functioning whereby, if the people wish to alter matters, they can do so at the Polls. It functioned in 1935. At the election that year the people expressed their disgust and resentment by turning out that ‘Small Committee’ in no uncertain manner. Now, whilst the people threw out that ‘Small Committee’ it was automatically replaced by other personnel. This new ‘Small Committee’ having experienced the disastrous results of a policy of reducing costs decided upon a policy of raising wages, and immediately ordered all wages to be increased back to the 1931 level, i.e., all wages, salaries, interest rates (not including banks, of course) were increased by 20 per cent. This process is too obvious to apply the acid test in detail, suffice it to say that 6d. from 12d. leaves 6d.--no remedy here in raising wages!

Although it may have seemed so obvious, and rather a waste of time explaining the foregoing--that is not the case. I will challenge any reader to stop reading here and ask the average Trade Unionist whether he believes that a general *raise* in wages would greatly benefit the community. He will answer ‘Yes’. Alternatively, seek out a business man and ask him if he still believes a general *reduction* in costs would greatly benefit the community. He will also answer ‘Yes’.

Remember the ‘Gap’, must be closed or bridged if the system is to function smoothly and effectively.

REDISTRIBUTION: During recent decades we have seen numerous ideologies arise such as Socialism, Communism, Sovietism, Bolshevism, Fascism, Nazism, etcetera, which accepted the superficial idea that the cause of all the trouble is the maldistribution of purchasing power. Stated briefly, they imply that ‘the poor are poor because the rich are rich’, and want to delegate complete power to their ‘Small Committee’ to tax the rich and redistribute to the poor. This they believed would stabilise matters and put everything on a sound basis. The ‘isms’ we have spoken of suggest that a few at the top have far more purchasing power than they need and must have a considerable amount of spare money. On the bottom rung of society there are a large number with insufficient purchasing power for their needs; and between these a larger number only able to get along on a meagre standard and that always insecure. Now, this is so obvious that only a fool would try to deny it. But let us try the acid test. If we take from those at the top and give to those at the bottom does that increase the total of purchasing power? Obviously not. We still have the 'gap' between our 6d. purchasing power and l2d. in price.

EXPORT MARKET: The climate and natural fertility of New Zealand's soil is such that our primary production is one of the finest in the world. So much so that in these products we can produce an extraordinary overplus for our small population. There is a large body of opinion which believes that provided we work hard, consume as little as possible ourselves, export as much as possible and sell it for as high a price as we can obtain, then, we will obtain more purchasing power and a more stable condition of affairs for the people generally.

Well, turn to Diagram 2. Let us suppose that what we export is the difference between total prices and total purchasing power. And suppose this is made up of primary production such as meat, wool, butter and cheese. Then suppose we export this to an overseas market and sell it for top price and obtain sterling (English money). Now, this English money does not come to New Zealand because it is not used as purchasing power in this country, just as New Zealand currency cannot be used as purchasing power in England. What we do is to spend that sterling (English money) in England and import to New Zealand hardware, cotton goods, glassware, tea, whisky, pianos, etc. Now, has this increased our 6d. purchasing power? No, because the ‘gap’ must be closed, or bridged, to effect any improvement. Obviously such dependence upon the export market is a major fallacy.

WAR: It is necessary here to make one point. Our diagram might give the impression of something static, but this is not so. It represents in simple form a seething mass of activity--a continuous flow of production, consumption and money. Something as though we had stopped a movie film and were left looking at a still. This still picture we convey in our diagram is a sudden stop in the Economic Machine--and whilst it may run fast or slow, rise or fall, a stop at any moment will show this ‘gap’ more or less. The vital thing is it must not stop for a moment--for if production stops the distribution of purchasing power stops. If we are to continue to consume our portion of our production, we must get rid of that surplus we cannot buy quickly. Now because every country is in the same position it has a vital necessity for a foreign market to ‘get rid’ of these goods, otherwise their people will be ‘out of work’ which means distress and poverty.

This ‘fight’ for the foreign market is a hectic affair, an attempt to undercut the other country, and to beat them to it by fair means or foul. This is Economic War which inevitably leads to Bloody War. Now, we must be fair and apply our acid test. Even though periodically we sacrifice the lives of the flower of each generation and even though we come out the victor, it does not have any effect upon the problem of closing or bridging the ‘gap’. War settles nothing--war and armaments are effects arising from the ‘faulty’ Economic system and yet there are those people to-day who imagine that war is caused by hatred alone, and that by fostering goodwill between nations future wars can be prevented.

THE MECHANISATION OF INDUSTRY: 'If a man would not work neither shall he eat.' I propose now to touch upon several points which may not apply directly to bridging the gap, but, will be seen to be pertinent to our point concerning effects arising from the faulty Economic System.

Back in history man in his primitive state lived in the nude, but had reasoning powers, two hands, and the natural agility to provide his needs. The earth, in its natural state, provided him with food--berries from the trees, fish from the rivers and seas. He plucked the reeds from the swamps and built himself a shelter, held together by wisps of flax; kindled a fire for warmth by friction, *etcetera*. However, there is no need to detail man's progress down through the ages. Let us jump forward and see him in retrospect. The scientist, the engineer, the explorer, the research chemist, and others have been astonishingly successful in seeking easier, quicker and better ways and means of providing food, clothing, shelter and services. Consider the marvels of man's ingenuity. Radios and television, his conquest of the air, his invention of the steam engine, the oil engine, the electric dynamo, the turbine, the header harvester, the amazing machine tools of industry, his great steel works, coal-mining, the electric bulb, the electric bell, dial machines and telephone, calculating machines, mechanical cotton picker, monster excavators, labour-saving devices in the home, such as the refrigerator, washing machines, vacuum cleaner, electric-irons, radiators, toasters, jugs and in our hospitals--the X-Ray, Violet Ray: Enough--enough!

It is not now a case of 'If a man would not work' but, 'if a man, having tramped the country from end to end is unable to find work' shall it be 'neither shall he eat?' Surely not. Could anything more tragically fantastic be conceived? Thanks to the discoveries and inventions of the last 100 years *the problem of production has been completely solved for all time*. To-day there is no problem of Production. After all, work is merely a means to an end and the real purpose of an industrial system is NOT to FIND WORK but to PRODUCE GOODS and SERVICES.

The only problem still to be solved is that of Consumption. The whole purpose of man's progress will be defeated if his goods and services are not consumed. But these cannot be consumed until purchased and they cannot be purchased until people have sufficient Purchasing Power. The troubles arising out of the Machine Age reveal the following fundamentals:

1. Machine Power is producing more and more.
2. Due to the displacement of men's labour by machines, the community can only purchase less and less.
3. Unemployment instead of being a blessing, is a curse.

Instead of being leisure--it is unpaid leisure.

Someone once said: 'A man with no "work" but with money in his pocket is a rich man--one with no work and no money is a waster'. It can be quite true that money may not bring happiness, but it is equally true that lack of money does bring unhappiness.

GETTING RID OF REAL WEALTH: The criminal folly of destroying and restricting the production of real wealth can only be characterised as the flinging of God's bounty back in His face. It is obvious that with so many millions reduced to poverty only a portion of our production that could be utilised is actually being consumed. This sabotage of wanted foodstuffs is a criminal perversion. In every nation there are millions of people slowly perishing because they are deprived of God's gifts which are being wickedly destroyed by chemicals, fire and water, simply because they have neither the wit nor the will to reassert their right to them.

The following items will give an indication of this policy of 'getting rid' of goods because they cannot be bought nor sold:

PIGS:

Holland destroyed 2 million--1932
America destroyed 2 million--1933.

CATTLE:

Denmark incinerated 2500--1933.
Eire destroyed 200,000 calves at the rate of 25,000 per week--1933.
Argentina destroyed cattle.
U.S.A. destroyed 6 million dairy cattle--1933.

COCOA:

International plan for destruction--1933.

COTTON:

Every third row ploughed in the U.S.A.--1933.

SUGAR:

Destruction in Cuba--1932.

For further information on this see paragraph 6 of *Social Credit Explained,* Appendix 1.

This happened during the last great world 'depression'--a condition which can occur again, as shown for instance in these food surplus figures for 1953 in America:

American Government has now acquired as a result of 'price-support' help to farmers the following vast hoard of foodstuffs--363,000,000 bushels of wheat, 231,000,000 bushels of corn, 330,000,000 pounds of dried milk, 247,000,000 pounds of butter, 172,000,000 pounds of cheese, 100,000,000 pounds of dried beans, plus peanuts, oats, rye, honey, etc. Much more is soon due from this year's harvests. America is worried.

SOCIALISM, COMMUNISM, FASCISM, NAZISM:

Nationalisation of the means of production is the great aim of these ideologies in order that production may be for use and not for profit. In principle that is unimpeachable, but what would be the effect in practise?

Our 'Small Committee' would find itself in just the same position in which industrialists are now placed. Apart from all other objections-and there are many it would do nothing to close or bridge the 'gap'. Even the nationa1isation of banking would fail to produce the desired effect, unless the system of the control of financial policy were fundamentally altered. The transference of the control of the credit-creating mechanism from private hands to those of our 'Small Committee' would be a step forward; but it would leave the main problem unaffected.

There are those who would favour the limitation of private incomes, which is very desirable in principle, but does nothing beyond re-distributing the already insufficient purchasing power.

RATIONALISATION: this catchword is manifesting itself as public policy--standardization--permits--licensing—zoning--regulations, forms, forms, and more forms *ad nauseum*. Rationalisation means the cutting out of every expense that can possibly be avoided, the ruthless reduction of personnel (unemployment), the combining of firms engaged in similar enterprises, with the resultant closing down of many smaller businesses eventually leading to monopolies--and the employment of every conceivable labour-saving device. We have already seen what are the effects of cutting down costs (deflation) or depression. Ranks of the unemployed are swollen by those unfortunates who have been 'rationa1ised' out of their job or businesses. The more this policy is followed the worse things become by the growth of bureaucracy, centralised control, regimentation, and the loss of liberty and freedom of the individual. *What shall it profit a man if he obtains economic security at the expense of his liberty and freedom?*

'CHANGE OF HEART': Everything is cramped by the 'faulty' economic system. We are often reminded 'that man does not live by bread alone'. That his problem of the welfare of the many is really unimportant. That the only thing that really matters is the spiritual welfare of mankind. It is a very easy and comfortable doctrine for people fortunately placed to say it is really necessary that people should go through privation and hardship for their spiritual development. It is so very easy to face with fortitude the sufferings of others. But the problem does not appeal in quite the same light to those who are the victims. Is it this kind of heart that wants changing? Selfishness on the part of the fortunately placed which says 'I'm all right, damn you', is the essence of jungle law.

The wish, the will, the desire and the prayer in all rational human beings hearts is for 'Peace on earth and goodwill towards men'. Which would you change—men's hearts or the 'faulty' economic system?

If the conditions are the direct result—as they are of a 'faulty' economic system, there is only one way--the replacing of this 'faulty' system by a sound one. No amount of moralizing or goodwill can possibly achieve a better result.

It was left for the brain of an engineer, Major C. H. Douglas, to devise a scheme for the complete and automatic closing or bridging of the 'gap'. It is to him that the demonstration of the inevitable existence of the, 'fault' in the present system is due, and he has shown also how it can be adjusted. Our next chapter will be devoted to the consideration of his proposals.

CHAPTER IV

SIMPLE SOLUTION

THERE IS A QUOTATION which says ‘and a little child shall lead them ‘. Yes, the solution is just as simple as that! If your little child came crying to you that icecreams were 4d. and the child only had twopence the child’s solution of the problem would be to obtain another twopence. Exactly. Not try to solve it by producing more icecream or restrict its production or by destroying it.

Major Douglas advanced the viewpoint, which is overwhelmingly backed by *FACTS* that every modern country produced goods and enjoyed a productive capacity greatly in excess of its present *Ability to Purchase*. If this vastly increased real wealth is to be availed of and enjoyed, he said, it will have to be monetised, i.e., money, or social credit, issued to the people on a scale that will ensure the distribution of all wanted wealth.

HERITAGE: It will be remembered that in our diagram under the heading ‘Consumers’, we included ALL the people, bankers, politicians, business men, employers, employees, pensioners and civil servants. ALL people, whether employed or not, are Consumers. ALL the people (not a section) are entitled to avail themselves of these goods. Even those who have passed on have handed down to posterity their contribution of their day. Inventors, scientists, explorers, research chemists, in fact, everyone who left this world a little better than they found it, or made it a little easier, or devised quicker and better ways and means of production.

This is the heritage of all, not just a section. So the money value of the 'gap' belongs to all people. This is the Nation's Credit. National Credit. People's Credit. Society's Credit. SOCIAL CREDIT. Not people's private money in the Post Office or Trading Bank, as some in high places seem to think.

SYSTEM OF NATIONAL ACCOUNTANCY: Our 'Small Committee' should take over control of the money system, which, after all, is the prerogative of the nation. To do this would require the setting up of a National Credit Board and the opening of a National Credit Account in the Reserve Bank. This account would be credited with the money valuation of all New Zealand's assets, both public and private.

Each year the National Credit Account would be credited with the cost value of New Zealand production--Capital Appreciation and Imports--and debited with New Zealand's National Debts, the consumption of real wealth, depreciation, and exports.

Such a system of National Accountancy would reveal a *VAST* Credit Balance, which could be used for any or all of the following purposes.

It will now be necessary for the purpose of simplicity to refer to another diagram (No. 3) upon which we have superimposed the solution of the closing or bridging of the 'gap'.

NATIONAL DIVIDEND: It is claimed that Social Credit is based fundamentally upon Christian Principles, i.e., 'I am my brother's keeper'. 'If my brother is in distress, I am distressed'. 'Just as ye do unto the least of these ye do unto Me'

Based upon the foregoing principles, it is proposed that before any further public development such as Roads, Railways, Bridges, Schools, Hospitals, etcetera, takes place, that first, every man, woman and child shall be provided with a standard of living on a scale that will ensure the distribution of all wanted wealth. We will take one-third of the money value of the 'gap', i.e., twopence--and pay a National Dividend direct to ALL. This when added to the figure of 6d. purchasing power, will show a total purchasing power of 8d. (See Diagram 3).

Up to the present we have for simplicity's sake kept consistently to talking in pence--it might be clearer now in order to visualise a better picture to think in millions, or nationally. It is quite simple. If, after the figure 6d. Purchasing Power we put seven noughts, we

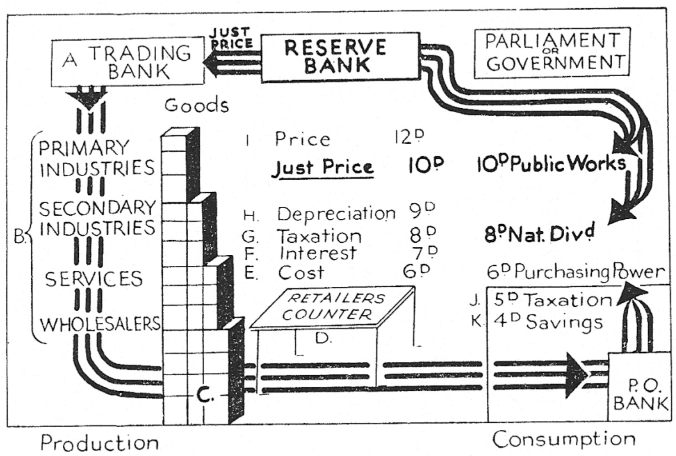

DIAGRAM 3

get £60,000,000. And after the figure twelve pence (Price) we get £120,000,000, showing a disparity or 'gap' of £60,000,000. Our National Dividend would thus absorb £20,000,000 of Social Credit.

NATIONAL DEVELOPMENT: To finance Public Works and Local Body Capital Expenditure without incurring any debt or interest charges. That is to say, that any materials or service rendered to our 'Small Committee' or any of its departments shall be paid for out of the National Credit (Social Credit), which would leave these Capital Works debt-free or freehold and not a financial liability for all time, as they are to-day. Also to use a part of this finance to reduce gradually and finally payoff the present National Debt. We take another third of the money value of the 'gap', i.e., twopence--add it to 8d., which will now show a total Purchasing Power of 10d., or absorbing another £20,000,000 of the National Credit or Social Credit (Diagram 3).

JUST PRICE DISCOUNT (Diagram 3). It will be understood that there are those who feel that if this Social Credit System were introduced in the community, their particular interests might be jeopardised, and without a thorough understanding that this would not be the case, they attack it upon the grounds of inflation.

No one had a fuller realisation of the evils of inflation than Major Douglas for he purposely included in his solution a mechanism which would make inflation a mathematical impossibility.

What is inflation?

Briefly: If there is more money in purchasing power in the hands of the people than the total of prices of goods on sale--then a condition known as inflation will ensue. Inflation means that rising prices depreciate the purchasing power of money. The reverse of course, is known as deflation. Now our Diagram No. 3 still shows a disparity of 2d. in purchasing power--deflation to the extent of 2d.

It is proposed to arrange to pay a subsidy on all wanted production and to reimburse retailers who agree to sell their goods at a discount of 2d. (at agreed margins of profit)—so that these goods will be priced at 10d.

Inflation and Deflation are inevitable in the present System. Booms (inflation) and Slumps (deflation) mean disaster for the people.

Equation is the soul of Social Credit. It will be noted in our diagram that 2d. of the National (Social) Credit has been received by consumers by a discount or reduction in prices. The Retailer, *after* the goods have gone into consumption, will receive the balance of the 'Price' through his bank, which bank in turn will be reimbursed by the Reserve Bank. Thus the third £20,000,000 would be absorbed and now—*no 'Gap' would remain*.

Those, in brief, are the principles of Social Credit.

A reformed economic system would allow the people to reap the benefits of the Machine Age and avert the chronic shortage of money which compels the world to endure the ravages of increasing poverty in a world deluged with goods, and the potential ability to produce them on an unlimited scale.

Once the facts of the faulty Economic System and the Machine Age are seriously studied, every rational person will agree that until some such monetary mechanism is set in operation there can be no answer to the prayer—'Peace on earth, and goodwill among men' and the pursuit of happiness.

CHAPTER V

WHERE IS THE MONEY TO COME FROM?

The previous chapters can be considered a general statement of the theory of Social Credit. Now, at this point it is usual to find a reaction in this form. 'If this idea is correct and it looks good, I still don't see were the money is to come from ?'

If we have been able to rub out some false ideas about the Economic System, it will now be our endeavour to 'rub out' some false ideas about money.

WHAT IS MONEY?: If you buttonhole the first person you meet in the street and ask the question 'Where does money come from?' the answer will invariably be 'From the banks, I suppose'. And where do they get it? 'From the people, I suppose!' And where do they get it from? 'The banks I suppose.'

This will never do. Let us see if we can do better than that. I do not propose to give here an essay upon the history of Banking, but get to the point. 'Where does money come from?'

Firstly, 'What is money?' Short answer: anything which is accepted in payment. Financially speaking today, we use two kinds of money, Currency and Credit.

WHAT IS CURRENCY?: Notes, silver and copper of the country of issue. N .Z. currency, Australian currency, English (sterling), American (dollar), French (franc), *etcetera*.

Here is an important statement which should be a milestone in our education. Memorise it. *Of all the money used in the function of buying and selling less than one per cent approximately is currency (notes, silver and copper).* Of all the money we use in business 99 per cent approximately is done with ‘credit’. This one per cent of currency, speaking nationally, is only the ‘pin money’, ‘Petty Cash’ or ‘Pocket Money’ of the nation. So currency has so little bearing in either making or marring the matter, we propose to eliminate it from our discussion, except to say that any remarks we make about Credit must be qualified to the extent of this one per cent of currency.

WHAT IS FINANCIAL CREDIT?: Short answer:

Figures of finance: financial accountancy: banking records in financial figures of credits or debits: credit functions by way of the cheque. What is a cheque? A note of hand to the bank to reduce the credit of one account (or debit it) and increase (or credit it) to another account.

To give a further clear explanation of ‘where credit comes from’ we will endeavour at the same time to expose a major fallacy. Read that passage again about ‘the poor are poor because the rich are rich’. It is stated that there are those in the community who have far more purchasing power than they need. Spare money. This they put on ‘deposit’ in the Trading Bank. Now, those business people who have insufficient money for their purposes go to the Trading Bank to borrow money, and it is a common understanding of the people that the Banks lend their customers Deposits. Here is the major fallacy--another milestone in our education--memorise it because it is important. BANKS DO NOT LEND THEIR CUSTOMER'S DEPOSITS!

ALL BANK LOANS are a NEW CREATION OF Credit!

All Bank loans create or increase Deposits!

ALL Bank 'Deposits' are overdrafts (loan, debt, advance).

All mean the same thing. In other words, all financial credit (money) is owed (a debt) to the Banks. Banks *MAKE* money by creating it, just by the process of writing up financial figures--like a brickmaker creating bricks.

Banks also *DESTROY* credit (money) by the process of 'rubbing out' a record of a loan, advance or debt (overdraft).

The facts about credit money are as follows:

1. Banks do not lend money deposited with them!
2. Every bank loan or overdraft is entirely new money!
3. All credit money begins its life as an interest-bearing debt to the banks.
4. Every loan or overdraft is a clear addition to the amount of money and repayment is a clear reduction of the amount of money.

Quotations in proof of the foregoing facts:

ENCYCLOPAEDIA BRITTANICA, 14th Ed.--

'Banks create Credit: It is a mistake to suppose that bank credit is created to any important extent by the payment of money into the banks. A loan made by a bank is a clear addition to the amount of money in the community.'

GOVERNOR ECCLES, Federal Reserve Bank of the United States--

'The banks can create and destroy money. Bank credit IS money. It is the money we do MOST of our business with, not with that currency which we usually think of as money.'

SIR J. M. KEYNES states--

'There can be no doubt that all DEPOSITS are created by the Banks.'

BRANCH BANKING, an English Bankers' Journal, July, 1938--

'There is no more UNprofitable subject under the sun than to argue any banking or CREDIT points, since there are enough substantial quotations in existence to prove to the initiated that banks *do create credit without restraint*.'

'MONEY SUPPLY IN N.Z.', published by Reserve Bank of New Zealand, 1951--

'When a bank makes a loan it increases the amount of money in circulation. The repayment of a bank loan reduces the amount in circulation.'

Now, this bank-created credit constitutes over 99 per cent of the nation's money. In other words, the private banks have a monopoly of the creation or destroying of money.

Here we reiterate a previous statement: 'The only resort for money is Private Banks.'

Our answer to the question 'Where is the money to come from?' is that the rights of the private bank to create credit and lend it to Governments shall cease forthwith. The Reserve Bank only shall in future create all credit to fill the 'Gap', that is National Dividend, National Expenditure and the Just Price Discount on behalf of our 'Small Committee'--*debt free*. This credit shall not be an overdraft, loan, advance, or debt. It will flow directly to all the people for the purpose of defraying the financial cost to consume and will automatically flow to the Private Banks in the repayment of loans and will thereby be destroyed or cancelled out.

It will now be understood that there will be two sources or 'flows' of Credit, *i.e.*, Debt money from the private banks for private people (private people individually have no Social Credit, no access to the Reserve Bank) and Debt-free money from the Reserve Bank equating total purchasing power with total prices--*no more, no less*. Debt-free means it is not a loan! It is not borrowed! It does not have to go back to the bank! No Debt! No Interest! No Taxation! This Douglas claims to be scientific. The present arrangement is claimed to be 'sound' finance. Sound for the banker, but very unscientific and unsound finance for everyone else.

CHAPTER VI

STRAW MEN

I PROPOSE NOW to set up a few 'straw' men for the purpose of knocking them down, which may help explain my story of cause and effect.

NATIONAL DEBTS, LOCAL BODY DEBTS, PRIVATE DEBTS: It will be remembered that our 'Small Committee' also had recourse to the Banks for money to pay for what is called 'Public Works'. Firstly, let it be said, that the business of our 'Small Committee' is confined to giving orders, or contracts, to private business firms. Let us examine this process with an imaginary deal and see what happens.

The people of a growing city call upon their representative for the district and point out to him that their now inadequate post office is a disgrace to a growing community, and suggest that, as this is a 'public' matter, he draws the attention of our 'Small Committee' to the position with the object of building a new one.

This he does, whereupon the Minister of Public Works instructs his departmental engineers to report upon the matter. Eventually the report is forthcoming in detail. This is placed before our 'Small Committee' for consideration. The report tells them that the materials, sand, shingle, steel, bricks, glass, the engineers, architects, tradesmen, labourers, plant, machinery--in fact everything required is available (production is not the problem).

Our 'Small Committee' are satisfied with the report and ask 'What's the financial cost?' Suppose they are told say, £300,000. So the next problem is money! The matter is deferred and referred to the Minister of Finance. Later he requests an appointment with the manager of a bank. The Minister explains the position and might say, 'Whilst we are the "Small Committee" of this country and have the full authority of the people to arrange and order these works to be done, there is only one thing we have not the power to do--that is to create the money to pay for it. We must come "cap in hand" to a private company for you to create this money and lend it to us. However, we would like a loan of £300,000?' It may seem a trifle ridiculous for the supreme authority of the country to have to go to a small private liability company for a loan to carry out a job of public importance. However, it happens.

The banker being ostensibly the custodian of his 'customers' deposits replies: 'Very well, I will give it my consideration, but I am not certain that the present is a propitious time for you to go in for a large expenditure of this nature. From our knowledge of the world's markets, and we hear of earthquakes in Turkey, riots in Mexico, crop failures in Madagascar, and there are reports of "sun spots" which might upset the harvest in this country. However, I will consult my colleagues of the associated banks, and see if collectively our "customers' deposits" will meet such a large demand.'

Now, as our 'Small Committee's' loans are considered a gilt-edged investment by bankers, all this is mere camouflage so as not to show eagerness for a plum of this kind. Ultimately, a reply is received from the bank that the money can be made available. Our 'Small Committee' then authorises the Minister of Public

Works to go ahead with the project. Tenders are called by advertisement and numbers of our best known contractors tender for the job and one gets the contract. The matter is announced publicly and there is great jubilation among the people, for there will be jobs for a large number of men and congratulations, good humour and happiness in many homes of the people. (Alas, the Post Office will be a long, financial liability upon all the people.)

The contractor finds himself with a contract requiring an outlay of nearly £300,000, which sum, if our, 'Small Committee' found it hard to find, our contractor is not likely to find any easier. So he takes himself to the self-same banker (or some other) and explains his case. It is a contract job to the order of the supreme authority in the land; he is sure to receive payment; would the banker make available this sum as required pending the completion of the job, when he would promise to pay it back? This is known as an overdraft.

The banker, having done business before with this firm, satisfied of their integrity, their ability, their plant, engineers, and other specialists, and that a satisfactory job is likely to eventuate, says,'Very well!' Thereupon both men and machines become a hive of industry.

At the end of a week a certain amount of the Post Office has been done; a total is made of the wages required, a cheque is drawn upon the bank loan, obtained in cash where required and paid out. Now multiply this process week by week until the contract is completed and the total overdraft is paid out. The next proceeding is that the contractor makes out his bill and sends it along to our 'Small Committee' with a covering letter to say that the Post Office is completed, in good order as ordered, and he would be glad of early payment. (His overdraft is costing a considerable sum in interest daily.) After inspection by the engineers, they report to the Minister of Public Works that everything is in order, the Minister marks the account approved for payment and it is passed on to the Treasury. The Treasury draws a cheque against the loan arranged by the Minister of Finance and forwards this to the contractor who just does not waste a day before going to his bank and paying off his overdraft.

Now, I make no apology for simplifying the whole procedure, but some important points emerge. It will be noted that the Banker arranged two loans, one of £300,000 to our 'Small Committee' and one of, say, a little under £300,000 to the contractor. While the contractor went into debt it was our 'Small Committee's' cheque which freed him from debt, but left the people (public) in debt. Now, individuals do not buy post offices; so the money received by the people from the contractor is available to buy consumer goods. In other words, the expenditure of money upon Public Works has had during the past the 'effect' of reducing the 'gap' by adding to the total Purchasing Power but with a terrible aftermath. You will see that 'Indirect Taxation' in Diagram 2, which is levied to pay Interest on the National Debt has to be increased, which, upon the next cycle of goods, automatically raises the price and increases the 'gap'. Thus our second condition is worse than the first.

LOCAL BODIES' DEBTS: These take the same form as the foregoing in so far as loan monies are used for what is called capital development. The interest increases the rates. (Taxation.)

PRIVATE DEBTS: The fact that these increase at such a terrific rate is explained by the fact that capital loan and 'Interest' cannot be repaid to the Banks except by going deeper into debt to the Banks for larger sums. A simple explanation of this can be made in this way. A short process of production is wheat, flour, bread. Our wheat grower goes to the banker and gives his land as security for a capital loan; he sows his wheat and distributes his Capital loan in the process. Now his only market is the flourmiller.

Suppose his costs (Capital loan) plus interest, plus taxation, plus depreciation, plus profit is £1000. (Total Price.) He offers this crop to the miller for that sum. This wheat is the raw material of the miller, who estimates that his disbursements otherwise will be £1000. So he goes to the bank for £2000. You see the miller is borrowing from the bank in his capital loan, the wheatgrower's 'Interest' which he pays to the wheatgrower for him in turn to pay to the bank his (the wheatgrower's) Capital loan and 'Interest'.

Now the flourmiller offers his flour to the baker. The baker goes to the bank in exactly the same way as the miller, and borrows a larger sum. The baker is our retailer where it is shown that he has to charge into his unit of goods 'Interest'--upon his loan (the total of which includes the 'Interest' of the flourmiller and the wheatgrower). It must be noted also that whilst the wheatgrower and the flourmiller distributed their capital loan to consumers, they did not distribute their 'Interest'. It was short-circuited direct to the bank.

May we repeat--*banks demand back more than they give out and they are the only resort for money.*

IMMIGRATION: This is often put forward as a solution of the problem. It is suggested that larger population would mean more demand for goods: more people to produce: more production: more consumption: more business: more turnover—*ad libitum.*

Enlarging a problem does not solve it! Short illustration:

NEW ZEALAND

Population is approximately two millions. Average unemployed (slump period), 50,000.

AUTRALIA--

Population 9 million (approx.).
Unemployed, 150,000.

ENGLAND--

47 million. Unemployed, 2 million.

U.S.A.--

147 Million. Unemployed 14 million (1934).

The U.S.A. is said to be the richest country in the world in real wealth.

Enlarging the population would not solve our problem.

Under the new system of Social Credit this country would be so attractive, it would be necessary to put a barrier to keep immigration to reasonable proportions, rather than forcing people to come to this country perhaps against their will.

FLIGHT OF CAPITAL: There are those who suggest that it would be necessary for the new system of Social Credit to be implemented in all countries at the same time, for they maintain that there would be vested interests, who, in fear of any interference with their System of 'sound' finance, would withdraw their money which is known as a 'flight of capital'.

I will not go into the matter of 'flight of capital', although there are many false ideas prevalent about this. Suffice it to say that investment money inevitably gravitates to the most profitable market or country. The value of money is its purchasing power, and the purchasing power of money in any country under the new system of Social Credit would be far higher than any country under the present system. So the flow of capital would be more likely to be inward than outward.

PROFITEERING: It would be idle to deny that profiteering has not occurred, in fact it has been so obvious, that those who believe in the theory that 'the poor are poor because the rich are rich', have become fanatical upon the matter.

While one must agree upon its iniquity, the effect really is the enlarging of the 'Gap'. Under the new Social Credit system, it will be seen that the effect of profiteering would be that of increasing the Social or Peoples' credit, that is a larger National Dividend. However, the smooth working of the Just Price will require the co-operation of Retailers concerning an agreed margin of profit, which would still require turnover to make business profitable.

INTEREST: There are some who believe usury or lending at exorbitant interest, is the fault, or cause of all the trouble. Here again, it would be idle to deny that exorbitant interest charges have occurred, and there are fanatics upon the matter. It will be noted that throughout my story it is repeated that Banks only lend money on the understanding that you pay back more than they lend out.

The effect of this is to enlarge the 'Gap'. Under the Social Credit system, as the Debt-free money represents this interest, and is *given* to the people they use it to defray that part of the cost in goods before it passes on to the Banker as interest. As to interest upon loans between private individuals on securities such as Mortgages, Chattels, it is considered that under the Social Credit system, fully implemented, people will be able to carry on without going into debt to anyone. If the Social Credit system is not intended to get people out of debt, and keep them out--it is not worth consideration. No debt! No interest!

Usury will cease to exist.

PREMATURE REPAYMENT OF BANK LOANS:

This has a very important bearing upon the 'faulty' Economic System. That is to say, money or credit is paid back to the Bank and cancelled out before the goods have reached the Consumer. A short illustration (without considering interest). Wheatgrower (wheat), Miller (flour), Baker (bread). Suppose the wheatgrower has an overdraft from the Bank for £100. He sells his wheat to the Miller for £125, and as soon as possible pays off his overdraft, which leaves him with purchasing power £25 (profit). The Miller has an overdraft of £125. He sells his flour to the Baker for £150 and as soon as possible pays off his overdraft, which leaves him with purchasing power of £25 (profit). The Baker has an overdraft of £150 and has a number of loaves for sale for £175. Now the total purchasing power at this point is the Wheatgrower's £25, and the Miller's £25--(total £50), with the Baker's loaves for sale for £175--the disparity being exactly the amount of the firstborrower's (Wheat-grower's) overdraft £100--plus the Baker's anticipated £25 profit, but which the Baker has not distributed to become purchasing power.

It may be that these overdrafts were not paid off immediately, but were deferred. However long they may be deferred and may be used as purchasing power, they must be paid sometime, or they will be eaten up by overdraft interest.

INTEREST CONSUMES CAPITAL: How have we paid interest if it has never been created and distributed? Let us imagine, without consideration of profit, three business men. Each has a bank loan for a year of £100, the overdraft rate being, say 5%. Each has to pay back to the bank £105. Number one does business with number two, and collects £105, which enables him to pay his loan and interest to the bank. This leaves number two with £95. Number two does business with number three and has to collect £95, plus £10, which enables him to pay the bank, but which leaves number three with £90--just £15 short--the amount of the interest of all three. What happens to number three? One of two things. Either he goes bankrupt or a fourth person goes to the hank and borrows £105 which means going deeper into debt to the banks. The answer is, that under the present system interest consumes capital. We must go deeper and deeper into debt both privately and publicly.

REINVESTMENT: Saving money means saving goods. If this 'saved' money is distributed again during the process of producing a second cycle of goods--results--double quantity of goods--same amount of money. This can and does happen several times over. Whilst we have not taken account of it in exposing the 'fault', except under the heading 'Depreciation', it has a considerable effect upon the matter. Under the Social Credit system all money for production shall be 'new credits', and having fulfilled its normal function, will flow back to the hanks and be cancelled out. Do not misunderstand me. Under the Social Credit system it will be perfectly legitimate to accumulate money for the purpose of buying a motorcar, a home, a trip abroad, or any purpose of defraying the cost of production or service from which it was derived.

DOES BANK INTEREST BECOME PURCHASING POWER?: This question was put to me in this way: 'You said that a Trading Bank is a liability company whose specific purpose is to pay dividends to its shareholders, and that if the dividend consisting of the interest received by the Bank goes to the shareholders, would this not become purchasing power in the hands of consumers?'

My answer is, one must agree that money distributed to bank shareholders would become purchasing power in the community, but not for this cycle of goods. Present goods have to be sold before anything can accrue to the banks by way of interest to become a dividend to shareholders. Under the Social Credit system the interest is part of the Social Credit distributed directly to the people to defray the interest cost in *present* production.

THE CANCELLATION OF CREDIT: The subject is easy enough for those who are *au fait* with Social Credit technique, but difficult for those who are not.

To understand the subject at all requires some appreciation of the working of an ordinary balance sheet.

A balance sheet is credited with income and debited with expenditure. It is credited with additions to plant and debited with their cost. It is debited with working expenses and depreciation of plant. The difference between these two sets of debits and credits represent either profit or loss.

Similarly with the National Balance Sheet. It is credited with production, (capital and consumable), and with imports. It is debited with consumption, depreciation and exports.

The totality of the latter is DEDUCTED from the totality of the former at the end of each accounting period. Only the DIFFERENCE between these two sets of figures is monetised by the National Credit Authority and issued, in various ways, to bridge the gap between money and goods.

The automatic cancellation resides in the fact that the financial sum total of all goods consumed, exported and depreciated is DEDUCTED from the financial sum total of production and imports and is, therefore, NOT ISSUED: The cancellation of credit in respect of goods consumed, capital depreciated, and exports is thus automatically taken care of. There are many other aspects of it, but there is no point in introducing them here.

All that is required is to get firmly into your mind in regard to the issue and cancellation of money is this simple and unassailable formula:

Under a Social Credit Economy money will be issued at the rate goods and services are produced and cancelled at the rate goods and services are consumed.

In those few words you have the basic formula of a scientific monetary system.

BOOMS AND SLUMPS: There are those who say, 'I have been in business for twenty years, and I have been able to carry on upon my own capital, and never had a Bank overdraft' or, 'We have been a prudent business firm, and have built up a very sound financial position with considerable. reserves (savings). Others who have not done the same deserve to go down when "things get bad".' Well, let us look into the question of why 'things get bad', and see if they do deserve to go down.

Prosperity is present in the community when there is plenty of money about. Plenty of money about can only mean plenty of overdrafts or larger ones, which would mean that prosperity is contingent upon going deeper into debt to the Banks. Now this is quite regular, and is known in orthodox parlance as an 'expansion of credit'. Note that this is important. Now, during this 'cycle' or period, the aforesaid prudent business man, knowing his 'cycles', uses this period to improve his factory, shop, plant, or doubles the size of his premises, and increases the number of staff, etc. Well, there could be a large sum in profits, which instead of being distributed as dividends or put to reserve (depreciation) are invested in this way. Now, the Banker you will understand is very definitely dependent upon borrowers for his profit. When he sees so many prudent businessmen enlarging their premises without recourse to the Bank for a loan, he being also a very prudent businessman who knows his ‘cycles’ promptly takes action. As an illustration, we will visualise two large stores, one on either side of the same street. One is our friend, who never or seldom works upon overdraft. The other, knows the value and convenience of overdrafts, hut is perhaps not so sure of his ‘cycles’. These two traders are almost equal competitors.

Our Banker one day calls into his office (one at a time of course) some customers with overdrafts for an interview. The gist of the conversation might be as follows:--

Bank Manager: ‘We appreciate your being a valued client of the bank, and hope we have been of some service to you.

We are, of course, at the same time the “custodians of our customers’ deposits”: the safe investment of these “funds” must always be our first consideration.’

The Banker lifts his eyes to the window and assumes a far-away look, as though he sees the whole world in full perspective, then goes on speaking of world trade, politics in other countries, falls of governments, unemployment figures, state of the crops, etc., and ends up with, ‘Business is business. There can be no real sentiment in sound business. The bank would be obliged if you could reduce your overdraft by not less than 50% within three months.’

The businessman jumps up from his chair, and says, ‘But that is impossible. I had not anticipated that this could possibly happen. Is not my security just as good as ever? I fail to see what all these things you say are happening overseas have got to do with my overdraft or my business. It just can't be done.'

Bank Manager: 'Well, I know that banking is a banker's business and we do not expect our clients to understand everything about banking.' But he suddenly slaps his desk and says, '50% in three months. I am sorry, goodbye.'

Imagine the state of mind of a large number of businessmen, in their endeavour during this three months' period to meet their Banks' demands. Failure means a 'receiver', foreclosure, selling up--a life's work in jeopardy! A hectic time ensues. Reduction of staffs immediately (unemployment), economies in outpayings. A demand that outstanding accounts be paid forthwith: (he receives the same demand from his creditors). No orders given to wholesalers (in consequence none for the manufacturer); none for the primary producer (raw material). Prices upon present stocks are slashed 10 per cent--and if that is not sufficient then a further 10 per cent slash.

Consider our businessman on the other side of the street (with no overdraft), who stands with folded arms and a broad smile, looking across at his competitor's slashed prices and soliloquises thus: 'I always knew he would come to this, he deserves to go under anyway, he won't be able to survive very long that way. Slashing prices won't get him anywhere. Thank goodness we have plenty of reserves (deposits).'

Now, it is very clear that no person will go across the road to buy an article if it is 10 to 20 per cent cheaper on this side of the road.

At the end of the week, our friend with no overdraft, finds his sales well down. At the end of a month he finds he must call on his 'reserves' to pay his staff wages--for them to spend them upon the bargains over the road! The position becomes ridiculous. He, per-force, slashes his prices to try to hold his customers, only to find that the trader over the road has made a further slash in prices.

Here I must make a few points: *All bank deposits (reserves) are somebody's overdrafts*. You will note our friend draws his deposits to pay staff wages only for them to spend in the shop over the way to enable his competitor to payoff or reduce his overdraft. *Bank overdrafts can only be paid off provided someone draws upon his deposits*.

We spoke earlier of a period of prosperity (plenty of money about) being due to an ‘expansion of credit’. Depression (deflation) is due to a ‘restriction’ or ‘contraction of credit’. We hope we have shown this to be a deliberate ‘action’ or ‘power’ or ‘policy’ of the private banks.

This is what is meant when we use the term MONEY POWER.

Under a system of Social Credit this ‘action’or ‘policy’ or ‘power’ about ‘expansion’ or ‘contraction’ or ‘restriction’ of credit will be brought under control of the National Credit Authority (Reserve Bank) so as to ensure that financial policy serves the people’s interests and not the Banks’. It is not the intention to interfere in any way with present banking practice as between bankers and their clients, or to nationalize the private banks, that is, make the personnel--managers and staff, State employees, which would be of no benefit to anyone, but to control policy (‘Power’) and make it serve the people’s interest which will be completely fair to both.

VELOCITY OF MONEY

The velocity of money theory as propounded by the orthodox economist can be proved to be a mirage. Upon closer analysis it does not hold water.

His theory is that if a unit of currency passes quickly enough from hand to hand the unit will buy more goods.

The reason for this he explains in this way: Supposing 'A' goes to the tobacconist and buys a packet of cigarettes with a shilling. The tobacconist immediately goes next door to the draper with the shilling and buys a packet of pins. The draper immediately goes next door to the butcher with the shilling for a pound of tripe. The butcher goes immediately to the tobacconist with the shilling for a packet of cigarettes. The shilling is now back to where it started from and has bought four shillings worth of goods. The economist thinks he has made a complete and clear case, and ends up with a pleasant quip—'Money is made round and is meant to spin round'.

To get at the real truth let us go through that process again: 'A' uses a unit of our medium of exchange or currency known as a shilling. He goes to the tobacconist and buys a packet of cigarettes with the shilling. The cost of the cigarettes to the tobacconist was elevenpence. We will suppose his profit is one penny. He would have to wait until he had sold twelve packets before he could slip next door, so he wouldn't go immediately. The velocity, you see, is slowed up from the start. Suppose the packet of pins cost the draper eleven pence, he would also have to sell a dozen packets before he could go next door to the butcher. The foregoing also applies to the butcher. His profit on a pound of tripe is, say, one penny. The 'velocity of money' is just tripe.

Anyway, 99% of buying and selling is done with credit money (figures). Money in all its forms is a mechanism and its only function is the cancellation of costs. Costs are debits! Debits are cancelled with credits. Credits can only function or have any value for the purpose of cancelling debits. Prices are debits. No debits (prices) no credits! Cancel a debit (pay it) and you cancel a credit! Social Credit believes this credit system is the finest and most convenient medium of exchange ever devised by the mind of man. They also believe the present Debt system is the most heinous ever devised by the mind of man.

RESPONSIBILITIES OF OUR 'SMALL COMMITTEE': It is the privilege of a democracy to elect a 'Small Committee' to arrange matters in the people's interests collectively. We have also the privilege if they do not please us that we may replace them. We hold this 'Small Committee' responsible for law and order, education, health and defence, and yet the very thing upon which their successful functioning depends, is Credit and Currency, 99 per cent of which is controlled by private business people (Banks).

The Social Credit Movement is non-political. It confines its activities to education of the people in the new economics. A huge task. It is for the people to do their part by demanding from their 'Small Committee' that our present Economic System be investigated. If it is found to be faulty, it shall be put right. For, in the faultiness of our Economic System lies THE CAUSE OF ALL THE TROUBLE!

APPENDIX I

SOCIAL CREDIT CLEARLY EXPLAINED

by JOHN HARGRAVE, England

[Except where they apply definitely to Great Britain only, the answers apply equally well to any other country--for instance, one country's exports are another country's imports, *etc*.]

1. ***What is the Increment of Association which Social Credit People Talk About?***

Ten men together--in association--can do what ten men separately cannot do. The outcome of such work-in-association is the 'increment of association'--that is: Real Wealth (goods and services) produced by working together, instead of each man alone.

In a modern Power-Age comunity every individual is entitled to his fair share of the 'increment of association', even if his or her quota of work is not needed in the Productive System. That is because the Productive System is able to produce enough and to spare for all, and if it is not taken up and used it will have to be scrapped--or Production cut down--which is absurd. Social Credit makes it possible to distribute a fair share of the 'increment of association' to everyone by means of a National Dividend.

2. ***What are 'The Wages ot the Machine' That Social Credit People Talk About?***

They are the wages that would have been paid to human beings if machinery and improved processes had not made their labour partially or wholly unnecessary. Under the present Work-Wage System, human beings released from the Productive System are left practically without buying-power except for a miserable 'dole', In the past these people have been called 'The Unemployed.'

The Social Credit National Dividend is, in reality, the 'Wages of the Machine' that will enable the unemployed, and everyone else, to take up and use the goods and services produced with less and less human labour.

3. ***Isn't Social Credit a 'Something for Nothing' Scheme?***

What makes you think a 'something for nothing' scheme is wrong? When the Sun shines upon the Earth there is no charge for the stream o[Solar Energy we receive. It comes to us free of charge. It is something for nothing. Yet without this stream of Solar Energy there would be no life of any kind on this planet--not so much as a blade of grass!

Solar Energy is God's gift to man, Social Credit is a method for allowing God's gift to man to be used--in the form of goods and services--by everyone.

4. ***But Surely it is Impossible to get 'Something for Nothing?'***

That is nonsense, and it is Bankers' nonsense. I have just stated, in answer to the foregoing question, that the whole of Creation is, in fact, a something-for-nothing scheme. It is perfectly possible to get 'something *for* nothing'. You do it every moment of the day, when you breathe the air, and when you see with your eyes by the light of the sun.

It is quite true that you cannot get 'something *from* nothing' nor can matter be changed from one form to another without expending energy--but that is totally different. We are not proposing to attempt to get something from nothing. We are proposing to take and use Real Wealth, which is a product of Solar Energy.

5. ***Does Plenty Really Exist?***

In normal peace·time it certainly does. Have a look at the items listed in answer to Question 6, *Were Consumable Goods that could have been used Really Destroyed on a Large Scale?*

'If and engineer dictator over industry could be appointed, and given complete control over raw materials, machinery and trained labour; he could flood, smother and bury the people under an avalanche of goods and services such as not Utopian dreamer ever imagined.' —Ralph E. Flanders, President of the American Society of Mechanical Engineers, in 1937.

6. ***Were Consumable Goods That Could Have Been Used Really Destroyed on a Large Scale?***

Here is a mere fraction of the record of deliberate destruction as published in the Press:-

'Enormous sabotage of food supplies by allowing 2,500,000 acres of English arable land to go out of cultivation between 1919 and 1930. "Bumper Wheat Crops in Canada-Crushing Blow to Markets.'" (*Daily Herald*, 1932.)

'Sugar position" improved" by destruction in Cuba.' (*Daily Express*, 1932,) 'Holland destroyed 100,000 pigs.' (*Evening News*, 1932.)

'Hurricane "helps" sugar position in Cuba.' (*Daily Express*, 1932.)

'Portugal destroyed 10,000,000 gallons of wine.' (*Daily Express*, 1932,)

'France "welcomed mildew" to reduce wine output.' *(Evening Standard*, 1932,)

'Holland burnt 15,000,000 flower bulbs.' (*Sunday Pictorial*, 1932.)

'Irish beer poured into the gutter.' (*Times*, 1932.)

'Russian failure of wheat crops "brings better prospects."' (*Daily Express*, 1933.)

'France fines farmers for increasing acreage.' (*Times*, 1933,)

'2,000,000 tons of sugar "withheld from market."' (1933.)

'U.S.A., ploughs in 25 per cent of cotton crop.' (*Evening News*, 1933.)

'Up to the middle of September, 1933, approximately 22,250,- [sic] 000,000 acres of coffee had been thrown into the sea, burnt, and made into briquettes and used as fuel.' (*Daily Herald*, 1933.)

'U.S.A, destroyed 2,000,000 sows, and 4,000,000 little pigs.' (*News Democracy*, 1933.)

'International plan for destruction of cocoa.' (*Evening News*, 1933.)

'British farmers forced to kill cattle too soon.' (*Daily Express*, 1933,)

'225,000 sheep slaughtered.' (*Observer*, 1933.)

'Herring glut threatens starvation.' (*Daily Express*, 1933.)

'60,000 sheep slaughtered and burnt in San Julian area, Argentine.' (1933.)

'Denmark incinerated 25,000 cattle.' (*Sphere*, 1933.)

'Canada, Argentine, and U.S.A. worried about "too much bread" in 1936.' (*Daily Express*, 1933.)

'Innumerable schemes for restriction of wheat acreage.' (*Daily Express*, 1933.)

'Stoking railway engines with wheat in Canada.' (*Star*, 1934.)

'Southend sells fish for manure.' (*Daily Mirror*, 1934.)

'Brazil destroys over 26,000,000 bags of coffee.' (*Evening Standard*, 1934.)

'Too much corn--Government hint at reduction plan.' (*Daily Express*, 1934.)

'Scottish farmer dumping his potato crop into the sea.' (*Star*, I934.)

‘5,000 lambs driven into the sea and drowned in New Zealand’ (*Sydney Sun*, 1933.)

‘U.S.A. ploughs in every third row of cotton’ (*New Democracy*, 1933.)

‘250,000 cwt. of hops destroyed, worth £2,000,000’ (*Daily Herald*, 1934.)

‘£15,000 in fines collected from potato growers for exceeding the acreage allowed by the Potato Marketing Board’ (*Daily Express*, 1935.)

‘Stornoway fishing fleet struck heavy shoals of fish on three successive days. Market glutted. About 1,700 crans sold at prices ranging from 19/- to 33/-, Samples representing another 1,500 crans lying on market floor without an offer’ (*Daily Express*, 1935.)

That was in the ‘locust years’ before the Hitler war. But even in war-time, with the whole nation fighting for its very existence, its food drastically rationed, and compelled to rely mainly upon home-grown supplies, many instances of deliberate food destruction--especially fish--were reported in the Press.

7. *Why Are Social Credit People so Cocksure of Themselves?*

Simply because their case in unanswered--and unanswerable. That is because it is based upon facts that anyone can observe, and, as the old proverb says: A single fact is worth a shipload of argument.

8. *Wouldn’t it be Better if They Were Less Fanatical?*

No. Only fanatics accomplish anything.

9. *Is it Possible That All the Orthodox Economists are Wrong, and that Douglas Alone is Right?*

Perfectly possible. Up to the time of Copernicus (1473-1543) all philosophers and learned men, and everyone else, believed that the earth was the fixed centre of the planetary system, and that the sun moved round the earth. They were all wrong—and Copernicus alone was right.

This occurrence, in which one man alone has been right and everyone else wrong, has happened time and time again in the history of mankind. It is therefore surprising that so many people to-day--with the examples before them of Copernicus, Kepler, Galileo, Newton, and many others--should doubt its possibilities in the realm of economics.

10. ***Isn't it 'Too Good to be True?'***
Each new development of human understanding has always seemed 'too good to be true' to those who feared the coming change.

11. ***Can Social Credit Be Introduced Into One Country Alone?***
Yes, it can--on condition that the one country has sovereign powers (not like Alberta which is only a Province).

12. ***Who Will Do The ' Dirty Work' ?***
It will be done, as much as possible, by automatic machines and improved processes designed to require as little attention by human beings as possible. What 'dirty work' is required to be done by human beings will be well paid for over and above the National Dividend.
There will always be people ready to do uncongenial work provided that the inducement is congenial (*i.e.*, adequate pay and short hours). There are more 'Mark Tapleys' in the community than are dreamt of in our bank-ridden philosophy.

13. ***How Will The Public Services Be Paid For?***
Public services will be a direct charge on the National Credit, and the necessary credits will be issued via the National Credit Office. In effect, a Social Credit Government will say: 'Can the community afford an efficient Forestry Service?' (or whatever it may be).
If the land, equipment, and personnel for such a service are available, then, obviously, the community can 'afford' it—because what is physically possible is, and must be, financially possible. All that remains to be settled is whether such a service is desirable and/or necessary. These are questions that ought to be settled by the individuals composing the community, after they have had the opportunity of hearing arguments for and against.

14. ***How Will the Budget Be Calculated?***
A Taxation Budget will not be required, but a Real Wealth Budget showing National Production (plus Imports) and National Consumption (plus Exports) will be drawn up, presented to Parliament, and made known to the public. In reality, it will be a National Stocksheet, showing in terms of cost-values how much has been added to the nation's wealth, and how much subtracted, during a given period.

The first will always exceed the second (except for a natural catastrophe), and so there will always be a surplus over the accounting period; and this, after the Government's consumption has been subtracted. So the old-style 'problem' of 'balancing the Budget' will be turned upside down. Instead of requiring the collection of taxes to recover a deficit, it will require the distribution of a National Dividend to dispose of a surplus.

Here is a specimen of a Real Credit Budget, drawn up by A. L. Gibson, Fellow of the Institute of Chartered Accountants, and a Social Credit advocate. Please bear in mind that the figures in this specimen are merely token-figures to illustrate the method of drawing up such a budget:-

At convenient intervals--quarterly, half-yearly, or yearly--a Social Credit Government will have prepared a

REAL CREDIT BUDGET

Dr.		Cr.	
Impoverishment	£	**Enrichment**	£
1. Consumption	millions	1. Production	millions
(a) People's Goods sold retail (including National Dividend spent)	1,100	(a) People's Goods	1,100
(b) Wear and Tear (Depreciation of Business Equipment)	200	(b) Business Goods (i.e., Capital Goods, Intermediate Production, Semi-Manufactures)	700
2. Exports		2. Imports	
Real wealth lost by us	200	Real wealth received by us	200
Total Impoverishment	1,500	Total Enrichment	2,000
Balance carried down	500	Balance brought down	
	£2,000	Net Enrichment	500

Net Enrichment	500	1
Discount		25%
Total Enrichment	2,000	4

(These figures are merely illustrative.)

15. ***How Will the Price Adjustment Work?***

The Retailer will be required by law to sell at the Just or Scientific Price-- *i.e.*, below cost (as now calculated) and the difference will be reimbursed to him by the National Credit Office via the Local Credit Office (or bank). This will enable the retailer to pay costs plus full profit (i.e., service charge) to the wholesaler, and the wholesaler will be able to pay the producer, and the producer will be able to meet all costs of production.

This price discount rate will be regulated by the relationship of Production in general to Consumption in general. If production increases faster than consumption, as it usually does, there will be more goods for distribution. The Price to the consumer will drop accordingly, Such a price-drop will enable the community as consumers to keep pace with the increased production, and will prevent any 'slump' in production so long as any real want remains to be satisfied. If, on the other hand, people buy goods faster than they are being made, the price will rise accordingly. This will slow-down buying, and indicate the need for increased production.

16. ***As There is a 'Gap' to Fill Between Consumer Incomes and Retail Prices, How Much Will Be Filled by the National Dividend, and How Much by Means of the Price Adjustment?***

This will depend on how rapidly it will be possible to release human beings from the work-wage-system by introducing more and better automatic machinery and processes. This depends upon new and better inventions.

1. If people can only be very gradually released from the earning-a-living toil of machine-minding and other work that might be done quicker and better by automatic mechanisms, the 'gap' will be filled mainly by means of the Price Adjustment.
2. If the release from machine-drudgery and other monotonous and soul-destroying work can be speeded up, the 'gap' will be filled mainly by issuing an increased National Dividend.

To begin with the 'gap' could be filled gradually on a 50/50 basis: half by means of Dividend, and half by lowering retail prices.

It must never be overlooked that the National Dividend is designed to provide for those who are not required in the Productive System of the community as a whole.

17. ***How Much will the National Dividend Be to Start With and How Much Could it Become?***

It will depend upon the level of production at the time it is issued. It would not be less than 30s. a week per person, and probably much more. At the end of March, 1936, a group of 2,000 scientists, after 18 months of careful investigation, arrived at the conclusion that the minimum income based on production in Great Britain at that time should not be less than £317 per average family of four. That is, roughly, £75 per person. Since then, however, our power to produce goods and services has increased enormously.

In order to 'run it in' smoothly, it might be expedient to issue the National Dividend 'in small doses', increasing steadily month by month, and year by year, up to the limit of production, or until the actual physical limit of consumption has been reached.

As to how much it could become: it will depend entirely upon the actual production of Real Wealth--goods and services--plus imports. A victorious Britain should be in a position to monetise its Real Wealth in the form of a National Dividend for all citizens of no less than, say, £75 a year per person. And this sum should increase steadily, as peace-time production of consumer goods increases, to £100 a year--£200--£300-and possibly £500--without difficulty.

18. ***Who Will Be Entitled to Draw the National Dividend And Will It be Paid to Children?***

Every individual who is legally recognised as a British subject and who has lived in Britain for, say, two years or more, should be entitled to draw the National Dividend.

It will probably not be paid directly to children. Some arrangement might be made whereby it could be drawn, if required, by the parents or guardians, to be expended for the benefit of the child until the legal age is reached, which may be fixed at the school-leaving age. Thereafter, the child will be entitled to draw its own National Dividend. If not drawn by the parents or guardians, the child will be credited with the yearly amount in the Post Office or bank (i.e., Local Credit Office) and it can be drawn as a lump sum, or as required, by the child upon reaching the legal age, Thereafter, the child, now growing to manhood or womanhood, can draw the National Dividend as an adult.

To be born into the world with Real Wealth waiting for you (instead of being born in Debt) may seem strange to us, but in certain African tribes where goats are 'money', the tribe as a whole sets aside a certain number of goats when a child is born, so that it shall have a share of the tribal wealth to start with.

If ignorant (?) and poverty-stricken (?) savages (?) can provide for their children in this way, surely a highly cultured, civilized community, with all the advantages of modern science, should be able to do so far more?

19. ***Will Inherited Incomes Continue plus the National Dividend?***

At the outset inherited incomes will continue plus the National Dividend, if people inheriting such incomes choose to draw the Dividend. But the whole practice of 'Wills and Bequests' will tend to die out, along with all other forms of saving or hoarding.

People save money and leave it in their wills to their descendants (a) from a fear of poverty-in-the-future, and (b) in order to show how 'successful' they have been! This tendency to save-and-leave money will gradually disappear in a Social Credit State. It will look, and be, unnecessary and foolish, because everyone will have an 'inherited income'--the National Dividend--based upon the Cultural Inheritance and Increment of Association of past and present generations. Instead of 'amassing wealth' and then leaving it to someone else, people will tend to spend their money while they are alive, knowing that their descendants will be adequately provided for by the National Dividend.

20. ***Will a Millionaire Receive the National Dividend?***

Yes, if he chooses to draw it. Why not? There is plenty for all. But if not, he will in any case benefit by the price-discount. 'Oh, so under Social Credit there will still be millionaires?' I hear someone say.

Under Social Credit everyone--including millionaires--will have a birthright income (the National Dividend) based on the productive capacity of the total community. Under Capitalism the millionaires are a tiny fraction of the total population, and under Social Credit this tiny millionaire-class will tend to disappear as the National Dividend increases with production. Why? Because a man who is assured of a birthright income that can meet his needs from day to day, and who has no fear of the future, will not bother his head to amass a fortune. The 'get rich quick' incentive will lose its force, and as the power of money is reduced by the Social Credit technique, so the desire to accumulate it will fade away.

21. ***How Will You Fix and Control Prices?***

Prices will not be 'fixed', they will be adjusted. This means that they will rise and fall with the production of goods and services.

22. ***Will Not Social Credit Lead to Inflation?***

No, how can it? The Social Credit method of issuing any new consumer buying-power is always accompanied by *a fall in prices*.

If prices are falling, how can they (at the same time) be rising?

In other words: how can there be inflation if, instead of rising, prices are falling? Those who assert that 'Social Credit would lead to inflation' must answer this question logically, or admit that their inflation-fears are groundless. Never yet has there been a logical answer to this question from the critics of Social Credit. Always they conveniently ignore the working of the Price Adjustment--*which is the vital mechanism of Social Credit.*

By means of the two-fold synchro-meshed mechanism of National-Dividend-and-Price-Adjustment, inflation is absolutely impossible.

23. ***How Exactly Will the National Dividend Be Cancelled?***

It will be cancelled when you pay it to a retailer in exchange for goods or services. After that it is cancelled right through the system. It is then no longer consumer buying power. The process is as follows:

1. The Retailer, to keep solvent, must use it to pay the Wholesaler, retaining only an agreed profit, *i.e*., *his service fee*.

2. The Wholesaler, to keep solvent, must use it to pay the Producer, retaining onIy *his* agreed profit or service fee.

3, The Producer, to keep solvent, must use it to pay production costs, retaining only *his* agreed profit or service fee.

24. ***Won't a Social Credit State Suffer From Lack of Imports?***

No, On condition that it produces a Real Export Surplus, it will be able to get all necessary imports from abroad.

25. ***How Will a Social Credit Britain Pay for Necessary Imports?***

By exporting its Real Surplus--*i.e*., goods not needed in the Home Market--via a National Import-Export Clearing House.

and calculating the transaction in financial terms, The goods imported from abroad in return for this Real Export Surplus will be sold in Great Britain at the Scientific Price then prevailing.

The money-payments for imports will be made by credits received from other countries for our Real Export Surplus.

As the Real Export Surplus will consist of goods not required by the Home Market, they can be sold abroad at any price whatever.

No policy of 'dumping' would be necessary, however, because
(a) non- Social-Credit countries must find export markets, while
(b) a Social Credit World would have no difficulty in arranging the exchange of Real Surpluses both of raw materials and finished goods via an International Import-Export Clearing House.

26. ***Is Not Gold the Only Workable Basis of a Financial Standard of Value?***

No. It is ridiculous for a modern Power-Age community to measure Abundance by means of Gold-Scarcity, The attempt to do so created economic chaos in the 1930's, and almost every country was compelled to 'come off gold' in order to recover from this banker's idiocy.

What is wanted is not a 'financial standard of value', but a common-sense Use-Value. Social Credit achieves this by its technique of balancing Total Spendable Incomes and Total Retail Prices--*i.e.*, by making buying-power keep pace with production.

A Social Credit State will not use gold internally as a financial standard of value. It will, no doubt, be used by working goldsmiths, gem-setters, jewellers and other craftsmen--and perhaps by dentists for dental fillings.

27. ***What Will Happen to Foreign Trade When Stocks of Gold in The Bank of England Have Been Paid to Other Countries?***

We shall do without monetary gold altogether, and continue to trade with other countries on the basis of our Real Export Surplus.

28. ***Suppose Other Countries Refuse to Trade on That Basis, and Demand Gold?***

That is a form of financial blackmail that no Social Credit State will tolerate. Its method of resisting such financial pressure will be to cease to trade with any country attempting to apply such pressure. The result will be the loss to that country of 'a valuable export market', while the Social Credit State will not suffer so heavily, since it is not dependent (financially) upon export markets. The corresponding loss of imports to the Social Credit State will only be serious in the case of 'essential raw materials'--and the Hitler-war has shown that apart from war production, very few raw materials from abroad are absolutely essential to the maintenance of life and health in the British Isles. In other words: a stop-all-exports-to-Britain campaign could not succeed in either starving us out or bringing our productive system to a standstill.

The fact that all non-Social Credit countries are compelled by their financial debt-system to 'export or die' will make them think twice and three times before attempting a no-goods-for-Britain policy. Any such attempt will compel the non-exporting country to (a) find some other export market; or (b) to destroy part of its goods for export; or (c) distribute them to its own consumers--which can only be done by making its own Home Market effective by applying Social Credit principles.

Thus, the attempt to boycott or starve-out a Social Credit State by depriving it of imports, is certain to drive the 'boycotter' towards Social Credit--simply because, under the debt-system of orthodox finance, it must 'export or die'. Foreign Manufacturers of goods for export will certainly not welcome any decree banning exports, unless their goods can be sold at an economic price in the Home Market--and this can only be done by financing the consumer in accordance with the Social Credit technique.

Social Credit established in any one country will, therefore, tend to drive all other countries towards Social Credit; and the threat of a ban on exports will automatically speed-up the process.

29. ***When Britain 'Goes Social Credit' What Other Countries Will Be Likely to Follow Her Example?***

Canada, New Zealand, Australia, will be likely to follow our example very quickly.

With Great Britain, Canada, New Zealand and Australia operating Social Credit, the other countries of the British Empire, or Commonwealth of Nations, will certainly introduce the same debt-free technique.

30. ***How Will a Social Credit Britain Deal with Post-War Europe?***

If Britain is in a position to bring effective pressure to bear upon post-war Europe, two things must be insisted upon:

1. A Debt-free Peace--the cancellation of all war-debts.

2. The establishment of a Debt-free Europe operating a financially costless system of exchange in each country in accordance with the Social Credit technique of national accountancy. That is: a Social Credit Europe.

Frontier problems should not be dealt with until after each country has established its own Social Credit economy. Questions as to where one country ends and another begins are not vital questions in a Continental Community operating Social Credit. For a time frontiers could be fluid and, indeed, under Social Credit the frontiers of post-war Europe would tend to become of no more importance than the county boundaries in Britain to-day.

WHAT WILL SOCIAL CREDIT DO?

31. How Will Social Credit Put a Stop to War?

By cutting out the chief cause of war--the international scramble for Export Markets.

The nations of the world are compelled, under the present Bankers' Debt-system, to compete with each other for Export Markets, because, under this system, they cannot make their Home Markets effective. This is the root of all modern war.

Social Credit makes the Horne Market effective, and by abolishing needless Poverty at home, avoids War abroad.

32. *Surely Wars Are Produced by Far More Than Merely Economic Causes?*

Why do you use the word 'merely'? Without Food, Warmth, Shelter, you cannot remain alive. A careful examination of the history of mankind shows that most wars, among the more primitive peoples as among the so-called 'civilised' are caused by pressure of economic circumstances, no matter what the highsounding 'excuse' may be for going to war. There can be no doubt whatever that the main cause of all modern war is the scramble for export markets. People are told that they are fighting for 'freedom', and indeed they are fighting for freedom to live. There can be no freedom to live under the present financial debt-system without 'freedom' (an outlet) for exports. When the Dictators said, 'Expand or explode', 'Export or die', they were merely repeating what the Democratic Governments proclaim when they say, 'We cannot live without exports'. This is the seething cauldron of war, and it is no use speaking of 'merely economic' causes as though these were not the main causes. Almost all the impulses towards war are the outcome of these economic causes. To deal with the impulses arising, is to deal with the symptoms of the disease and not with the root cause of it.

33. ***Does Social Credit Make a Clean Sweep of Capitalism Or Does it Preserve Some Part of the Old System and So Keep Capitalism Going?***

Capitalism is a system of production without an adequate mechanism of distribution,

Social Credit will establish an effective mechanism of distribution that will enable everyone to have a fair share of the goods and services that are, in fact, efficiently produced by the so-called 'capitalist system'.

It is no use trying to maintain that the so-called 'capitalist system' does not produce goods and services efficiently. It does. You have only to look in the shops and showrooms to convince yourself about this. There you will see the actual finished products of 'capitalist' manufacture.

You will see chairs, tables, beds, carpets, curtains, clothing, knives, forks, spoons, cups, saucers, plates, motor-cars, radios, vacuum cleaners, refrigerators, electric irons, lamps, radiators, kettles--and a thousand and one other things.

It is quite ridiculous to suggest that these things are not made efficiently by the so-called 'capitalist system'. Go into the shops, buy what you want and take it home, and you will find that these capitalist-produced articles are well constructed, useful, and sometimes even beautiful.

The truth is that the main problem of Production has been solved by 'capitalism'--but your problem of being able to go into the shops and get what you want has not been solved. *It is a money problem--not a problem of production*.

Social Credit will solve this money problem. In doing so it abolishes the exploitation of the Many by the Few, which is the malignant disease of the banker-ridden 'capitalist system', by giving everyone a birthright income--the National Dividend--that no one can suspend, stop, nor interfere with it in any way. It does not keep Capitalism going. It transforms Capitalism and turns it into Social Credit. Therefore it makes a clean sweep of Capitalism.

34. *What Will Happen to the Bank of England and the Banks Generally?*

The Bank of England will become the Credit Issue Department of the National Credit Office, and the Bank will become, in effect, branches o[the National Credit Office, They will take up their proper function in a modern Power-Age society as the National Book-keeping Organisation of the whole community.

They will be required by law to operate the Social Credit technique under the central authority of the National Credit Office. For this service to the community they will, of course, be paid an agreed service fee.

The actual property-ownership of bank buildings, *etc*., is of no particular importance, just as the scales and yard measure of every little retail shop throughout the country must conform to the requirements of the Weights and Measures Act, and does in fact conform without being 'nationalised', so the Bank of England and the Banks generally will carry out the requirements of a National Credit (Equation of Consumption to Production) Act.

A Parliamentary Bill setting forth the necessary clauses has already been drafted by the Social Credit Party of Great Britain.

35. *What Will Happen to the Stock Exchange and Investments?*

Nothing, so far as a Social Credit Government is concerned *so long as no attempt is made to create a 'scare' or to stampede the public into a 'financial panic'*. People who own a part of a business must always be entitled to dispose of their share to someone else, but as price levels will be predictable over long periods, the Stock Exchange will lose its attraction for gamblers and will become once again a place where stocks can be exchanged.

As the main incentive to invest money will tend to 'evaporate' by the introduction of Social Credit, and as the chief business of the Stock Exchange is the buying and selling of stocks and shares for customers, this institution is certain to become obsolete in the long run. It will not be needed. When everyone is assured of the National Dividend, the incentive to speculate, or gamble, on the Stock Exchange, will die out.

As regards foreign dealings, its place will be taken by the Import-Export Clearing House Department of the National Credit Office.

Regarding investments: the dividends drawn from them will, under Social Credit, buy more goods and services, but the inducement to invest--*i.e.*, to secure an unearned income--will gradually die away as financial security becomes the rule and not the exception.

As any new enterprise that is wanted by the community will be financed by new credits from the National Credit Office, the field for ordinary investments will narrow. There will, however, remain spheres in which personal savings can be used to promote new ventures, and people will naturally be free to finance and own businesses created by themselves or their associates.

36. ***What Will Happen to Savings … Including War Savings?***

They will be quite safe. People only save because they fear they will not have sufficient money at some later date. This fear of being left without money, or without enough money, will gradually disappear, because everyone will have the National Dividend as a birthright income. If, however, people wish to save, a Social Credit Government will not interfere. Such saving will be reflected by a rise in the National Dividend, thus making good the amount 'saved'. As people get used to the idea that they need have no financial fear of the future, 'saving for a rainy day' will gradually die out, and all organisations designed to encourage and assist savings will become obsolete for lack of 'savers'.

If you ask, 'What will happen to War Savings under Social Credit?', the question is too vague. If you mean: 'What will happen to my personal savings—*i.e.,* Savings Certificates, Post-War "Nest-Eggs", *etc*.?' the answer is:

A Social Credit Government will honour the obligations entered into by previous Governments who induced you to invest your money.

It is clear that you are asking the above question because you assume that your savings are quite safe under the present system, and that Social Credit might endanger them. In fact, however, the foot is on the other leg. Have a look and you will find that previous Governments have not defined their obligations. For example, take your 'nest-eggs'. When are you going to he paid out? Nobody knows.

And, anyhow, a rise in post-war prices could wipe out their buying-power. Then Savings Certificates. It is true you are entitled to cash them out; but if more than a limited number started cashing out you would upset the bankers' system. They would get into a panic, and would say it was *you* who were in the panic; and they would stampede Parliament into passing 'emergency' measures.

Now the National Credit Authority of a Social Credit State could never get into this technical tangle. It would have neither the motive nor the power to pass *measures of default* through the Legislature.

Be sure of one thing. You would get tired of cashing out long before the National Credit Authority got tired of paying out. Its resources are invulnerable because they are based on a correct calculation of Real Wealth as distinct from Financial Debt, and, by that token, your savings are inviolable.

And, better even than that, your economic position will be so secure that in future you won't even bother to save.

37. W***hat About Taxation?***

Taxation is the raising of a revenue from members of a community by the imposition of compulsory contributions, usually in the form of money. The term *taxation* covers every conceivable exaction that a government can make, whether under the name of a tax, or under such names as rates, assessments, duties, imposts, excise, licences, fees, tolls, etc.

The purpose of taxation is to raise a revenue with which to pay for government and other public services, because, under the bankers' Debt-system, the Government has no money--*i.e.,* the community is deemed to have no power to create its own public credit for these purposes, and can only carry on by (a) taxing itself by taking away a proportion of its buying-power which cannot then be spent on consumer goods, or (b) borrowing its own credit-power from the bankers, which again means taxing itself in order to pay interest and/or pay back the sum borrowed.

A Social Credit Government will not need revenue from taxation (*i.e.,* buying-power taken from your pocket), nor will it have to borrow one farthing from the Bankers, because the money needed for all government and other public services will be public (debt-free) credit issued by the National Credit Office for these purposes, based upon the actual productive capacity of the whole community. Therefore, under Social Credit, all forms of taxation will tend to fall into disuse, and finally there will be no taxation of any kind.

Under the ramshackle Heath Robinson mechanism of the Bankers' Debt-system, taxation is a method--a very crude method--of regulating the amount of buying-power in the hands of the community. Under Social Credit this will be automatically regulated by the operation of the Scientific Price Adjustment at the retail end.

38. ***What Will Happen to Parliament?***

It will, at long last, become effective as the instrument implementing the Will of the People. The Will of the People will no longer be thwarted by 'financial considerations' and 'vested interests'.

'And what', you may ask, 'will become of the House of Lords?'

The House of Lords is the descendant of the *Magnum Concilium*, the Great Council of the King, and is of much greater antiquity than the House of Commons. 'The need for two Chambers has been an axiom of political science based on the belief of the innate tendency of an assembly to become lazy, tyrannical, and corrupt, a tendency which can only be checked by the co-existence of another house of equal authority.' (Bryce.) Since the Parliament Act of 1911, the 'equal authority' does not exist.

A Social Credit regime will not interfere with the House of Lords, so long as the House of Lords does not interfere with the proper functioning of Social Credit.

39. ***Will Social Credit Provide Full Employment?***

It places no obstacle in the way of full employment, if that is the will of the people. It does warn them, however, that such an objective means that men must replace The Machine, which in time means that the output of goods will dwindle towards zero.

Providing employment is not the objective of a sane social-economic system. A sane social-economic system must give economic security with as much individual freedom and leisure as possible. This Social Credit does by means of the National Dividend and Price Adjustment. The object is not 'full employment'--but *full enjoyment*. Not at all the same thing, in spite of what moralists tell us.

40. ***If Everyone Gets a National Dividend Will Anyone Do Any Work?***

If they don't, there won't be any National Dividend.

The National Dividend is based upon the production of Real Wealth (goods and services), and will rise and fall with production. *No Production-no Dividend!*

41. ***What Will Social Credit Do For Agriculture?***

Agriculture will be given Number One place in the production-system of Great Britain. Food--Warmth--Shelter: these are the Three Essentials, and obviously food-growing comes first. Social Credit will remove all financial hazards from the growing of food as a business proposition. It will not only ensure a remunerative market generally, but will bring markets nearer to the grower.

The right to draw the National Dividend enjoyed by everyone will reverse the migration from country to town and enable multitudes of people to live where food grows at their doorsteps, and where they can, if they choose, grow their own food, or take part in food-growing. This will mean fresher food and an open-air life, and therefore a vast improvement in the health of the nation.

As for the farmer: every working farmer knows that in peacetime his only real problem is money--*i.e., prices*. Farming is not his problem, but how to make farming 'pay'. He cannot, under the Bankers' Debt-system, get a market price for his products that will cover his costs and leave him enough to live on. He puts his hand to the plough, but there's always a spectre following. He is dogged by debt.

Under Social Credit the farmer will (a) be able to get new credits for new production, (b) he will get his National Dividend like everyone else, and (c) always find an effective Home Market--*i.e.*, people will be able to buy his produce at the just or scientific price, and the farmer will receive the full price (as now calculated) from the wholesaler or the retailer. (See Question 15, *How will the Price Adjusttment work?)*

Therefore, the farmer will flourish. Think it out, and you will soon see why. And don't forget that it was the farmers of Alberta--and their wives--who elected a Social Credit Government in that Province in 1935, again in 1940, and again in 1944. They voted for Social Credit because they had been sunk up to their necks in money-debt—*i.e.,* they couldn't get a price for their product (mainly wheat) that would cover their costs.

42. ***What About the Coal Industry and The Coal Miners?***

Dirt, darkness, danger, and drudgery—that's coal mining. Therefore, if it has to be done by human beings, it will have to be paid for at high wage-rates. Under Social Credit this will happen, because the National Dividend will enable each individual pitman to stand out for (1) good wages, and (2) much shorter hours of working. There would be no financial difficulty in halving the hours, engaging double the number of men, and paying each the same rates as before (which would mean doubling the piecework rates), if that were found to be necessary in order to get the work done efficiently by contented workers.

But, of course, Social Credit will have another important effect upon the lives of these underground toilers. Electrical coalcutters and other modern labour-saving devices and processes will be installed in order to reduce the number of human workers required on this body-racking, and often body-wrecking, job.

Less and less human beings will be needed to go down the pits. The National Dividend--the 'Wages of the Machine'will enable our disengaged pitmen to have a well-earned rest, take up other paid work, or make use of their leisure-time in self-employment.

The miners, as I know from first-hand experience in speaking to them on Social Credit at the pithead in Durham and Northumberland, and Staffordshire, are perhaps the most intelligent set of workers in the community.

They and their families will not be long in finding out how to employ their new leisure to full advantage. Splendid fellows, our miners, we all agree. 'Well, then, let them live splendidly. Under Social Credit they will. A new life looms ahead for them, and they deserve it.

It is possible too that coalmining may no longer be needed. Ways are already known of extracting the products from unmined coal; but further still it may be that already in some laboratory is a device for using Solar Energy direct, without using coal. This is speculation, but it is certain that if, under Social Credit, coalmining became obsolete, it would not spell ruin for all concerned as it would now.

43. ***What About Large-Scale Mass-Producers and Small Manufacturers?***

They will be in a position to produce those things that can best be made in quantity by mass-production methods, and in doing so will be able to use (1) new and fully automatic inventions and processes, and (2) less and less human labour.

Under the Bankers' Debt-system, large scale mass-producers cannot perform the proper function of industry, which is to produce and deliver goods and/or services as, when, and where required by the community, but are forced into a fierce catch-as-catch-can for markets; tend not to modernise their plant when new inventions and improvements call for such modernisation; and, when forced to sack workers during 'slump' periods in order to cut production costs, make it still more difficult to sell the goods produced--since a cut in wages is a cut in buying power. This compels mass-producers to scramble for export markets, and this is the chief cause of war today.

Under Social Credit large-scale mass-producers will be assured of an effective Home Market, and therefore the beggar-my-neighbour smash-and-grab for markets abroad will not be necessary. New credits for new production, issued via the National Credit Office, will enable them to install up-to-date labour-saving machinery and improved processes, while the release of workers no longer needed will not result in loss of sales due to lack of buying-power.

Finally, the Price Adjustment technique will prevent periods of 'boom' and 'slump' so that those workers really needed for mass-production will be fairly certain of steady work at high rates of pay over and above the National Dividend.

Social Credit will give consumer control of mass-production. In a community where 'cheapness' is not a primary consideration, mass-produced articles will only be used where they are an actual improvement upon hand-made articles, or where it is impossible to supply a sufficient quantity of hand-made articles. Thus, in many directions mass-produced articles will tend to go out of use if they have only been made in order to 'make money', and not because they are really wanted.

On the other hand, new needs will arise in which mass-production will be essential. We may therefore expect a sorting-out process to take place in which a great natural revival of craftsmanship will oust mass-production in certain spheres, while mass-production will find new fields of development; as, for instance, architectural building units, aircraft, plastics, *etc*.

So long as mass-production is called for by consumers, mass-production will flourish. And in a modern community mass-production is called for in the making of such articles as vacuumcleaners, telephones, refrigerators, radio sets, motor cars, *etc*.

An assured Home Market--expanding to the limits of consumer needs--will enable mass-producers to sell their goods at a fair price--*i.e.,* the Just or Scientific Price that will include an agreed profit, or service-fee for the producer.

When the Home Market--you, and I, and everyone else--is satisfied, mass-producers will be able to manufacture a Real Export Surplus to be shipped abroad in exchange for necessary imports.

As for the small manufacturer: under Social Credit they will increase and flourish. Not being mass-producers they will be better able to satisfy the public demand for *variety* in the kinds and qualities of goods. They will be able to adapt their plant to changes in the tastes and habits of customers. For these reasons they will take over a large proportion of business which is now done by large-scale mass-produccrs.

The latter will not object because they will be chiefly occupied in producing machinery, tools, semi-manufactures; so the small manufacturers will be their customers rather than competitors. Even if both make the same articles and compete in price, the small manufacturer will often be able to quote the lower price.

Large plants do not necessarily show lower costs. Again, small plants will often be making tools for large plants. Thus there will be give-and-take in buying and selling between them.

This interplay takes place in a restricted way under the present system, but, as a rule, the small manufacturer finds himself driven out of business by large-scale mass-producers. This is due to the general shortage of consumer buying-power.

There will be no shortage under Social Credit. Everything made can be sold provided somebody would like to have it. *It will be up to the producers--large or small--to find out what the public wants.* In other words Social Credit, by empowering the individual to buy, makes consumer control of industry effective.

44. What About Retailers?

Under Social Credit every retail shop will sooner or later become a 'free house' in the sense in which one speaks of a public house not tied to any brewer or distiller.

The business of a producer is to produce. That of a retailer is to distribute. The duty of a producer is to make what the retailer orders. That of a retailer is to order what his customers want.

Any attempt by a producer to tie a retailer to his factory (whether it turns out beer, boots, or more expensive things like ovens, refrigerators, motor-cars) is an attempt to reverse the proper order, to push the customer around and force him to accept some particular goods, or type of goods.

Such attempts are made to-day simply and solely because they ‘pay’, or rather because neglect to do these things is likely to involve loss. They are the phenomena of cut-throat competition arising directly out of the Bankers’ Debt-system. Social Credit will remove the motive for this commercial smash-and-grab.

Today, retailers feel the first shock, after wage-earners, of disemployment. Under Social Credit disemployment won’t affect the buying-power of the public because the National Dividend will supplement wages, and gradually supersede them.

With the abolition of Bankers’ control, the beggar-my-neighbour driving compulsion of the business world will vanish also. There will be no devil to take the hindermost and people will be able to deal with each other as human beings instead of as market-snatching gangsters.

45. ***How Will Social Credit Affect the Position of Women in General?***

By giving every woman a birthright income--*i.e.*, the National Dividend based on the productive capacity of the community it will ensure economic independence and freedom, for it will release her from being:

1.Tied to the home when she wishes to live her own life.

2.Treated as a drudge, or as an inferior--*i.e.*, the ‘chattel’ status.

3.Driven to marry for the sake of economic security.

4.Bound to some man who ill-treats her, or is in some other way unsuitable as a person to live with.

5. Driven into work-wage slavery in competition with men in order to keep alive.

46. ***Will Women Get ‘Equal Pay for Equal Work’?***

Yes, they will. (1) Because a Social Credit Government will naturally stand for fair play for all citizens without distinction; (2) because employers will no longer need ‘cheap labour’; and (3) because each individual woman will be able to say--

‘If I do this job as well as a man could do it I shall want the same pay as a man.’ And if the employer says, ‘No’, she will be able to say: ‘Very well, I refuse the job. After all, I can live on my National Dividend '.

This places every woman in a very powerful position.

(It will apply equally, of course, to badly-paid male workers.)

47. ***Will People Know What to Do With Their Leisure?***

Well, will YOU know what to do with yours?

After all, there are plenty of things to do in the world, and it will not take most people long to find out what they are once they have time to do so.

(Some people may like to go fishing. It doesn't interest me but every man to his own choice ….)

What 'you may ask, will people do with their leisure?'

To begin with, of course, there will not be much leisure, because there is such an enormous amount of reconstruction to be done. For ten years at least, after this war, there will be work for all. We have to re-shape our world. But, all the same, we must re-shape it in such a way as to establish a Leisure State in a Power Age. If we don't, we shall be heading straight for World War III.

Quite gradually people will come to value their leisure because it will allow them time to 'work' at work of their own choosing. It will give them *freedom to work at work worth doing*. No more 'square pegs in round holes'.

Released from a great deal of industrial drudgery, people will begin to take up a thousand and one activities, and in a Leisure State we shall find the majority of people *working harder than ever!*--but at work they have chosen, want to do, and enjoy.

Have no fear: a Social Credit Government will usher in the Leisure State gradually and smoothly, giving people time to readjust and re-educate themselves. And the rising generation--those born into a Leisure State--will shed the last vestiges of the 'fear of leisure', and live a life of intense activity and awareness such as their parents never knew. That is because they will have time to live, and to live splendidly.

48. ***Surely People Are Always Much Happier at Work?***

It depends entirely on what you mean by 'happiness' and by 'work'. If by 'work' you mean some activity they have chosen to do of their own accord, and without being driven to 'find a job' in order to keep alive, you are right--and under Social Credit that would be possible for everyone.

But if by 'work' you mean needless toil--monotonous drudgery that could be done by automatic machinery, or, maybe, not done at all--then you are wrong, and you are preaching Work for the sake of Work, which can have but one result: Mass Ignorance and a Low-Grade Culture.

That is what we have at the moment, and it is due to this perverted idea that ‘people are always much happier at work’. They aren’t. It depends on what kind of work--and whether they have chosen to do it of their own free will, and can give it up, or change to another kind, when they desire to do so.

49. ***Won’t People Get Tired of Doing Nothing?***

No, no, people will not ‘get tired of doing nothing’. They, or their children, will very quickly learn to live a good life. And in this connection we may remind ourselves of Jasper’s words from Borrow’s *Lavengro*:

‘Life is sweet brother.

‘Do you think so?

‘Think so! There’s night and day, brother, both sweet things; sun, moon and stars, brother, all sweet things; there’s likewise a wind on the heath ….’

These words have been over-quoted, and sneering weevil-intellectuals have eaten out the heart of them and turned them to dust. But the truth of them remains, and the lilting chant in which they are set is part of that truth.

Only conditional slaves, machine-minders, robots, mechanical men, work-or-starve serfs fear leisure which, to them, means, ‘doing nothing’. To the free man ‘life is sweet’--and even to breathe God’s fresh air with a good pair of lungs is a joyful thing.

Nothing suits the Bankers quite so well as a herd of would-be workers clamouring for *WORK!* Don’t you want time to live, to enjoy life? If not, what is your idea of Progress, of Civilisation—an ant-heap?

Science gives us the possibility of an Age of Leisure and Abundance--now. Even the ravages of war have not destroyed it. On the contrary war organisation and war production have actually increased this possibility. What are you going to do--drag us back to the old Work-or-Starve Slavery by your fear of leisure?

If ‘sun, moon, and stars’ are not good enough for you, then, of course, there is nothing for it but to scrap the mechanical bull-dozers, grabs, and scoops, and start digging holes with a saltspoon and filling them in again. But before you go off ‘genuinely seeking work’ you might give this question of Work and Leisure another thought? It happens to be the fundamental question of our age.

50. ***Do People Really Want Freedom?***

I sometimes wonder myself. Nevertheless, we must either allow economic freedom and security--or face the complete break-up of our civilisation. We have reached the stage where, willy-nilly, people must have freedom and shoulder the responsibilities of fully adult individuals, or plunge headlong into a New Dark Age of want, misery and confusion.

It seems almost as though people must have freedom thrust upon them--for their own good (and mine-and yours). However, it is more than likely that they will take to it quite easily, as a duck takes to water, once they are given the chance.

51. ***Don't You Rather Give the Impression That Life Can Be a Sort of 'Paradise on Earth'--and Do You Really Believe It?***

That depends entirely upon what you mean by 'paradise', but, taking the question by and large, I would say: Yes, I do believe it ….

Personally, I would rather fight for 'paradise on earth' than drift into the stagnant sump of cynicism that begins with the popular notion—'Human nature being what it is'--and ends with the frenzied disbelief in 'the perfectibility of man' that generates a fanatical enthusiasm for making 'hell on earth' only equalled, if it ever was, by the 11th century Assassins of Hassan Habah in Syria and Persia, whose motto was: 'Nothing is true, everything is permitted'.

I believe that the Kingdom of Heaven (Paradise) on Earth is perfectly possible, and that most people secretly believe this--or wish they could. I believe that Social Credit is the key that will open the door to what may seem 'paradise' to us, but will seem no more than a free and normal life to those born into a debt-free community.

> 'These things shall be: a loftier race
> That e'er the world hath known shall rise,
> With flame of freedom in their souls
> And light of knowledge in their eyes.
> New arts shall bloom of loftier mould,
> And mightier music thrill the skies,
> And every life shall be a song,
> When all the earth is paradise.'
>
> --John Addington Symonds (1840-1893)

Little tin-pot intellectuals with more brain-weariness than sense, may sneer at these lines. Yet the fact remains that without such a vision the people perish--including the so-called 'intellectuals'. If you will not fight for Paradise-on-Earth, you are compelled to assist those forces that make for Hell-on-Earth. There is no middle course for anyone.

52. ***Isn't Nationalisation of the Banks the First Step to Social Credit?***

Nationalising the banks will not, in itsel£, make any difference to anything, and the Bankers know it. 'Nationalisation? I welcome it!' said Montagu Norman, some time before the Hitler war began. It's the method of credit issue and withdrawal used in the books of the banks that has to be changed.

53. What Do Social Credit Advocates Mean when They Say That 'Ownership of the Means of Production Does Not Give Control'?

They mean that control of credit is control of production, and that merely taking over the 'ownership' of the means of production--land, buildings, raw materials, plant, *etc*.--leaves the control in the hands of the Bankers' Credit Monopoly. In other words: Finance Capital controls Industrial Capital.

Now listen to Lenin:

> 'In running the current account of a certain number of capitalists, the bank may seem to be undertaking only a technical process; but when these operations assume extensive proportions, the result is that a handful of monopolists control all the operations, both commercial and industrial, of capitalist society. They can, by means of their banking connections, by means of knowing the state of current accounts, by means of knowing financial operations, first ascertain exactly the position of isolated capitalists, then control them, act on them by restricting their credits, or, on the contrary, by extending them; at length they can *entirely determine their fate*, deprive them of capital, or, on the other hand, permit them to increase their capital to enormous proportions.' (*Imperialism: The Last Stage*, Chapter II, pp. 27-28, English Edition, 1927.)

Lenin recognised that Finance Capital controls Industrial Capital. It follows logically, that 'ownership of the means of production does not give control'. Such control depends upon a fundamental change in the technique of banking-accountancy.

Neither Socialism nor Communism state what this fundamental change in financial technique must be in order to ensure that that consumer incomes always equal total retail prices. Social Credit is this New Technique.

54. ***Didn't Hitler Introduce Some Kind of 'Social Credit' in Germany?***

No. All he did was to grasp the fact that a man with a Tommygun need not pay in money for what he demands and/or grabs from someone who has only a pea-shooter. Hitler did not make his Home Market effective. All he did was to 'solve' his unemployment problem (sic) by first of all preparing for war, and then going to war.

Any fool can do that, and Hitler was a fool. (But not the only one.)

55. In Order to Share-the-Wealth, Isn't 'Redistribution of Incomes' the Proper Solution?

No, it isn't. You cannot turn Scarcity into Plenty by redistributing an insufficiency of buying-power. You can't make one pound of butter into two by spreading it more thinly.

Professor A. L. Bowley (in *The Distribution of the National Income*) referring to the period just before 1914, calculated Great Britain's total annual income, over and above £l50 per family, at £250,000,000. This, divided by the 10,000,000 families to be considered, would benefit an annual income of no more than £175. The whole idea is absurd .

The extra £25 would be spent in a few weeks and the poor would be as poor as before, with this difference--everyone would be on this £l75 poverty-line. A little later on, everyone would be poorer still, because no one would be able to afford the things industry could produce--cars, telephones, refrigerators, vacuum cleaners, new and well-designed houses, and a thousand and one other things. Industry would droop for lack of orders, the factories and workshops would sack their work people, and mass unemployment would engulf the nation.

56. ***If We Are to Help the Poor, Isn't It Necessary to 'Soak the Rich'?***

No. That is like a man amputating his feet to cure his corns.

Not less for some, but more for all, is the right line of approach in a community that can produce enough and to spare for all its citizens.

57. ***Wasn't Roosevelt's 'New Deal' a Kind of Social Credit?***

No, it was not. It was a kind of State Socialism--*i.e.,* State Capitalism--Industrial Planning Scheme. It did not change the technique of banking and finance. It was an attempt to plan industry within the limits of the financial system. It was exactly like rats in a trap planning a 'New Deal' for themselves within the limits of the trap. It did not plan to get out of the trap, nor has it enabled anyone to do so. State Planning of Industry is no solution to the problem, which is not a problem of Production, but of Consumer Buying·Power.

58. ***Wouldn't Family Allowances Help?***

No. They would not. The Social Credit National Dividend does away with the need for 'family allowances'. And the best of it is it doesn't have to come out of your pocket--nor do you have to take it out of someone else's pocket. Every 'family allowance' scheme is a taxation-and-redistribution-of-income scheme--*i.e.,* robbing Peter to pay Paul. But the S.C. National Dividend is everyone's birth-right income, everyone's fair share of the nation's wealth based upon the community's total productive power.

The unconditional nature of the Social Credit Dividend places it in a class by itself. Family 'allowances', payments made with insulting conditions attached, would have no place under Social Credit.

59. ***Wouldn't 'Common Ownership' Solve the Problem?***

No, it would not, because the problem has nothing to do with the ownership of anything. It is a problem of consumer markets --*i.e.,* the buying-power of money in your pocket, and mine.

Ownership does not give control over markets. If you and I, and everyone else, owned everything, everywhere, it would not, of itself, add one penny to our buying-power.

For example, it is of no advantage to be able to say 'I, and 40,000,000 other people, own the railways'. The only question that matters is, 'Have I the money to buy a ticket so that I can use the railways?'

Ownership and Use are two quite different things, and what people want in a modern community is not to own things, but to be able to use them. Social Credit empowers them to do so by means of the National Dividend and Price Adjustment.

60. *Wasn't the 'Beveridge Plan' a Move in the Right Direction?*

No, the 'Beveridge Plan' was a move in the wrong direction. It was a move in the direction of compulsory all-in insurance, *i.e.*, a move toward Totalitarianism, the Antheap State, the Servile State. No freedom-loving people would tolerate such a plan.

HOW CAN WE GET SOCIAL CREDIT?

61. *Will it be Possible to Make the Bankers Conform to the Social Credit Technique?*

Yes, quite easily. In order to enforce the Plimsoll Line, painted on the hulls of merchant vessels, all that was necessary was the Merchant Shipping Act of 1876, that made this load-line technique compulsory.

You may say, 'Oh, but Social Credit isn't a "Plimsoll Line"--I mean, it isn't a simple device like that '.

But it is a simple device like that. It is, in fact, an economic load-line--a balance between Production and Consumption--and might very well be called the 'Douglas Line'. Moreover, the Social Credit Device can be set down just as simply as the Plimsoll Line--and perhaps it ought to be painted on the wall of every bank building just as the Plimsoll Line is painted on the hull of every merchant vessel. Here it is:

Just Price (in £) =

$$\text{Cost (in £)} \times \frac{\text{cost of ultimate products consumed (in £)} + \text{depreciation of real capital (in £)}}{\text{credit created (in £)} + \text{cost of total production (in £)}}$$

If you say you can't understand that Simple Device, that is not the fault of the Simple Device, nor of those who can understand it. Whether you happen to understand it or not, it is the only calculation-method that indicates correctly the Just or Scientific Price of any article—*i.e.*, the load-line of cost that any article must carry in its retail price, if all articles ready for sale to the final consumer are to be sold.

62. *What Will You Do if the Bankers Refuse to Operate Social Credit--or, Without Refusing, Quietly Sabotage the Whole Scheme?*

Repeal the Bank Charter Act of 1844--empower the Treasury to carry out all necessary transactions--employ Chartered

Accountants instead of Bankers--use the Post Offices everywhere as local Credit Offices (leaving the banks out of it altogether)--keep the public fully informed of what is taking place, and why, by radio and Press--and, if necessary, forbid any bank to operate without a Government licence.

Whatever happens, a Social Credit Government will see that (1) the National Credit Authority is properly established, (2) the National Dividend is made available to everyone, and (3) the Price Adjustment is applied at the retail end. It must be remembered that these 'Three Demands' will be embodied in legal enactments and will become the law of the land! The Bankers will have to comply with the law of the land or go out of business. You will find that they will comply.

It will not be possible to 'quietly sabotage the whole scheme'.

The establishment of Social Credit will be carried out in the full glare of high-powered publicity by a properly constituted Government acting in accordance with the direct mandate of the people, and wielding sovereign power. Moreover, every citizen will know whether or not he or she is, in fact, receiving the National Dividend, and whether Retail Prices have been lowered. There can be nothing secret, underhand, or hidden about any of it. The short answer to the question is: *a Social Credit Government will enforce the law.*

63. ***Why Don't We Hear More About Social Credit in the Press and on the Radio--for Instance, the B.B.C., 'Brains Trust'?***

You hardly ever read about Social Credit in the newspapers because there is a 'Press boycott', due to the fact that almost every paper is under financial control.

Many editors declare that there is no such boycott, and that the only reason why they do not publish anything about Social Credit is that their readers 'are not interested in the subject'. Just how they know this--since their readers have never had a chance of discovering whether they are interested or not!--remains a mystery.

However, one editor at least has been quite frank about it. Mr. H. Norman Smith, M.P. for South Nottingham (1945), and onetime editor of *The Illustrated Carpenter and Builder*, wrote in his paper, October 9, 1942:

'So complete has been the boycott of Social Credit ideas by Press, radio and political parties in this country that the general public knows hardly anything about them.'

As for the radio: the B.B.C. is under financial control, and, naturally, does not want the idea of Social Credit made known. It is no use giving the excuse that it is 'political', and barred on that account, for Social Credit, in itself, is· an economic theory--a technique of National Accountancy--and is no more political than Einstein's Relativity Theory.

64. ***Why Doesn't the Labour Party Back Social Credit?***

Because the Labour Party is in the pockets of the Trade Unions, and the Trade Union leaders are too muddled in their minds to know whether to back Social Credit or not. Naturally, as specialists in the organising of labour, they do not like the idea of a system that will make their services unnecessary.

Yet they see that events are doing this in any case. They know that they cannot force employers to hire all the labour available ….

65. ***Can We Get Social Credit Through Parliament?***

Yes, if a sufficient number of people vote for Social Credit Party candidates pledged to the Three Demands.

66. ***Would It Not be Possible for the Bankers to Set Up a 'Bogus' Social Credit Regime?***

Yes, it would--and they may try to do so. That is why it is vitally important that everyone should have a clear understanding of Social Credit.

67. ***How Will You Get the Power to Put in Social Credit?***

First of all, by convincing you that Social Credit is desirable and workable.

Power to 'put in' anything depends upon certain well understood factors, of which the most important are:

(a) The emotional appeal of the idea itself plus its commonsense appeal.
(b) The number of individuals who respond to the idea.
(c) The building up of a powerful propaganda.
(d) The will-to-release-power of the movement and its supporters.
(e) The inability of other movements and/or parties to stand against the 'magic' of the idea.

(f) The development of a steady agitation inside Parliament carried on by M.P.s pledged to the Three Demands.

(g) The development of mass pressure carried on by demonstrations outside Parliament, backing up the agitation inside Parliament.

(h) The ability to take full advantage from day to day of events outside the control of the movement and its supporters--*i.e.*, the swift link-up to circumstances arising out of the social economic breakdown of the old form of civilisation.

(i) The 'jump', into position.

(j) The ability to hold the position.

We shall 'get the power to put in Social Credit' when the above factors begin to converge. It is not, however, a matter of sitting still and waiting for that to happen. It has to be made to happen, and each one of us can do something to help. For example, you can help by getting your friends to read this little book--or by using it as a textbook for a Social Credit 'Brains Trust' in your own locality. Why not organise one right away?

It is clear that the general line of action throughout the British Isles should be:

(1) A national-wide Social Credit Crusade, or Evangel, carried out by trained full-scale 'missioners' followed up by:

(2) A well-planned and efficiently carried out Parliamentary Campaign.

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APPENDIX II

PARTY POLITICS

AS I STATED EARLIER, the Social Credit Movement is non-political. No doubt there will be those who will wonder how can that be in face of the fact that there is a Social Credit Government in Alberta--also in British Columbia; that there is a fair sized Social Credit Party in the Canadian Federal Parliament; that it has been announced that a Social Credit League will contest the 1954 elections in New Zealand!

All this is quite true, but confusion does arise if we fail to define or dissociate 'policy' from 'party'. Policy is politics. Politics is policy. 'Party' politics these days can be something else! Let me quote a standing heading from *The Social Crediter*, the official organ of the English Social Credit Secretariat, the advisory chairman of which was Major C. H. Douglas until his death, since when Dr Tudor Jones, who was appointed by Douglas as his successor, now holds that office.

'THE SOCIAL CREDITER'

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

Please note especially the 'non-party' and also 'non-class'.

Social Credit is not *less* for some, but *more* for all--irrespective of 'Party' or class or classes.

Social Credit Movements are established throughout the British Commonwealth, and similarly to the Statute of Westminster, which in principle means that each Nation is free, autonomous, and sovereign in their own domestic policies. So it is with Social Credit Movements. Their activities down through the years have been to educate and propagate Social Credit among the people in the hope that one day they (the people) would bring pressure to bear upon our 'Small Committee' to implement Social Credit.

There is a fundamental, but it takes explaining. It is very important to notice the slow and insidious betraying of real democracy that has, and is, taking place in recent years, especially in this country, New Zealand. Social Creditors believe it is quite deliberate. 'Parties' have been 'ganging up' not only against electors, but also against their own members. A 'Party' speaks these days of being returned to 'power'--underline the word 'power' instead of to 'office'.

An innovation of recent years is something known as 'caucus' where decisions affecting the people are made behind closed doors. An Iron Curtain, so to speak. When legislation is brought down for discussion or decision in the House 'Party' members dare not vote otherwise than for decisions taken in 'caucus' under the threat of being thrown out of the 'Party' into a place known as the 'wilderness'. In these conditions a Member of Parliament cannot and does not represent the will of his electors. Parliamentary debates become a mockery--a sham fight--shadow sparing--mere window dressing--because decisions have already been taken, perhaps weeks before, in 'caucus '.

It is virtually a one 'Party' Government.

It is just a complete waste of time debating for days, and sometimes weeks, a Bill which was decided in 'caucus' behind closed doors.

The only part the people take is to meet the colossal amount of taxation to pay for this colossal waste of time by our 'Small Committee' and wait for the next election, and then vote in the other 'power' ('party').

The elector is in a cleft stick, with the 'Two Party' system to-day.

The Social Credit conception of politics is briefly this:

Approximate population of New Zealand two millions. Every citizen functions in two capacities: *i.e.,* 'private' and 'public'; privately they have their own affairs, family affairs, ambitions, careers, social life, cultural life and interests of a hundred kinds. Publicly--they have duties to, and privileges as from the state. There are matters to be arranged which it is not the business of any individual to attend to, such as, Education, Health, Law, Public Works and other Services.

Now, the people decide to set up a 'Small Committee' of say, 80 members, and it is called Parliament.

I spoke earlier of a fundamental. Here it is. It is important.

Our 'Small Committee' can have no purpose in its existence for the members' own purposes. Its only purpose is to arrange matters to the best advantage for the free functioning of individuals in their private capacity. Institutions were made for man, not man for institutions. Everything shall be subordinate to, and shall serve to elevate the family unit to the highest standard possible. Douglas said, 'That is, which works best'.

Now, here in New Zealand, every endeavour has been made to get either 'Party' to take up Social Credit as their policy. As a fact, in 1935 Social Crediters in the Labour Party were successful in getting that 'Party' to make Social Credit their election policy. Although it was called 'Monetary reform', the election propaganda, slogans, advertising, etc., was taken from Social Credit literature. The 'Party' won by a handsome majority. The proof of all this, is that the late Michael Savage, Leader, speaking over the air from Auckland on election night, when thanking various supporters and groups, gave special thanks for the block vote of Social Crediters, which he was sure had caused, what he termed, the great 'land slide' to Labour, and gave them such a handsome majority.

Alas, the perfidy of 'Party' became apparent within a year, when the Social Crediters knew they had been 'sold a pup'. Instead of Social Credit or even 'Monetary reform' it turned out to be *Rank Socialism*, the very antithesis of Social Credit.

From that time on, about fourteen years, Social Crediters concentrated upon the other 'Party' (National). The best that could be obtained from this 'Party' was their election slogan, the now notorious phrase, 'Make the pound go further'. Alas, this has turned out to be another 'pup' similar to the previous mongrel. I believe it would be a fair statement that there is no more derisive phrase upon the lips of most New Zealanders today than 'Make the pound go further '.

Now, both 'Parties' have had their chance.

Social Crediters having been 'bitten' twice are now 'twice shy' and have resolved never again, not on any account, will they accept the word, the bond, the promise of, or trust any political 'Party' with the implementation of Social Credit. They have decided to organize a 'League of Electors' to stand approved Social Crediters as candidates to get into control of the machinery of government to implement a policy, or economy, based upon the true Douglas Social Credit proposals. The New Zealand Social Credit League is 'non-party' and 'non-class'. Not *less* for some but *more* for all. Anyway, why classes, 'rich' or 'poor', when there is plenty for all? Why not just one class only--CONSUMERS?

The N.Z. Social Credit Political League recognises the principle of the 'Small Committee'. Members of Parliament will be in league with their electors, not in league with a 'party machine'. S.C. Leaguers do not 'gang up'. No caucus! Everything out in the open! No closed doors! No Iron Curtains! Voting in the house will not be a 'party' vote. No doubt they will be 'dubbed' with the label 'party', but they won't mind that a bit.

It is now time to break down for all time 'Party' politics AND 'classes'. *Only Social Credit can do it!*

APPENDIX III

THE PHILOSOPHY OF SOCIAL CREDIT

THE SITUATION is one with which the world is very familiar—the situation which has dominated all history. It is the endless struggle between the tyrant and the people. Fundamentally, the tyrant is a man who endeavours to organize as much of mankind as he can reach into a mob which can be handled by sub-tyrants—what we now call 'bosses'—and used for his personal aggrandizement.

What distinguishes the present from earlier manifestations of this struggle are firstly that it is on a more magnificent scale than was ever possible before; and secondly that the tyrants have concealed themselves and their conspiracy; and thirdly, that the antithesis of mob-existence--freedom of the individual--is far more of a practical possibility now than has ever previously been the case.

The vast scale of possible tyranny is the result of the modern development of *communications*, under which heading we include control of publicity through Press and wireless--a situation epitomised in the phrase 'control of finance and control of news are concentric.' Not only communications, however, but *power* is on a world scale, as can easily be grasped by considering the possibilities open to a squadron of bombers equipped with atomic energy bombs.

Major Douglas has defined Social Credit more than once. The first time he defined it as 'the policy of a philosophy.' This definition, which at first sight conveys little, is of tremendous importance.

A *policy* is a course of action designed to secure a particular result. Now Major Douglas has never claimed that Social Credit is something wholly new; and in fact, Social Credit bears to the present world situation the same relation as a new *strategy* bears to an old battle. In this case, the battle is the battle between the will-to-dominate of the tyrant, and the will-to-freedom of the individual. The philosophy, of which Social Credit is the policy, is the belief that the individual man has a right to self-development and self-determination. It is exactly opposed to the philosophy of collectivism, of which Socialism is the policy.

The will-to-dominate leads to the organisation of mankind into ever larger and fewer units. We call it collectivism, or totalitarianism, or Socialism. One of its expressions is Internationalism. Douglas has expressed the situation beautifully; 'Internationalism, with its corollary a World State ... is one end of the scale and self-determination *of the individual* is the other .... The smaller the genuine political unit, the nearer you are getting to self-determination of the individual.' Collectivism, in all its expressions, means the subordination of individuality to the group.

Social Credit, on the other hand, is the policy which aims to emancipate individuality. It aims to place the achievements of modern industry at the service of the *individual*, in order to set him more and more free from the necessity of being organised for some collective purpose. Technically, that aim can be accomplished with the greatest ease. The simplest way to visualise the result is to imagine yourself growing richer, and independent of the mass of Regulations by which at the present time we are enslaved. You would be free to make your own world; to go where and when you liked; to order what you wanted. You would have to work for it, of course; but with every improvement in the efficiency of industry, you would need to work less. This policy is the antithesis of the policy of 'full employment,' which, at the moment, is the major expression of the will of the few to dominate the world.

'Behold the fowls of the air; for they sow not, neither do they reap, nor gather into barns; yet your Heavenly Father feedeth them. Are ye not much better than they? And why take ye thought for raiment? Consider the lilies of the field, how they grow; they toil not, neither do they spin; .... Wherefore, if God so clothe the grass in the field, which today is, and tomorrow is cast into the oven shall he not much more clothe you, O ye of little faith?'

--THE SOCIAL CREDlTER, England, August, 1952.