

# SOCIAL CREDIT

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## NOTES OF THE WEEK

### The Aim of the Social Credit Movement.

IT is becoming increasingly clear to the mass of the people that of all the problems that face society to-day the most urgent is the lack of money.

Everybody is coming to realise that there is something wrong with the financial system which has brought every civilised community to the absurd situation of living in poverty while surrounded by abundance.

We no longer need to stress the fact that the problem of production is for all immediate, practical purposes, solved. It is a generally acknowledged fact that in an industrial country like Great Britain every member of the population could live in material comfort and security, were it not for the lack of money in people's pockets. To put the situation in simple terms, we seem to be able to produce everything we want except the money to buy it with.

The Social Credit Movement aims solely at solving this problem of insufficient purchasing power. It regards all other social problems as secondary to this in urgency.

### A Free Money Income for All.

The Douglas Social Credit Proposals would provide for an independent money income for every member of the population, quite irrespective of what other money they receive or earn.

This income would be in the form of a National Dividend. The money for this would be new money, issued for that purpose. It would not be raised by loans or taxation, as public money has always been raised hitherto; it would be issued upon the credit of the nation—that is, upon the nation's capacity to make goods and provide services. This—the nation's capacity to provide goods and services—is the nation's real wealth.

People are so accustomed to regarding all public money as a debt, that it is difficult for them to believe that the nation could actually be given money without having to pay it back by taxation. That is because they have not been accustomed to regarding themselves as having any right to a share in the national wealth.

Where there is real wealth, there is credit; where there is credit, money can always be issued upon it.

Therefore so long as there are goods for sale and the means of making more, a Government can always issue enough money to buy them.

The Social Credit Movement claims that this is the only means of enabling the nation to purchase as much as it wants of the goods it is able to produce.

There is no impediment to this being done, except the false financial principle, now in operation, that all money must come into existence as a debt to the banks. Under the present system, the Government borrows all its money from the banks; but the banks merely issue that money on the nation's credit, so that the nation is in the absurd position of borrowing its own money from a private bank which has no right to it. Social Credit demands that this wrong practice, which has resulted in the nation being permanently in debt, shall be stopped, and the national credit used solely in the interests of the community, and not as a debt.

It is this demand for a free money income, which is simply the "monetisation" of the nation's wealth, which distinguishes the movement from others who are demanding more purchasing power.

### Wages Can Never be Enough.

Most people merely demand higher wages. We would point out again that wages can never be enough in themselves to satisfy more than a limited and decreasing proportion of people's needs, if for no other reason than that machines are gradually replacing human labour, and machines neither receive nor spend wages.

The Social Credit Movement believes that this demand for a National Dividend is one which every section of the community can understand and in which it can participate.

For that reason it is now preparing a campaign to make this demand effective. It does not ask people to accept any new and difficult economic theories, but merely to demand that the Government shall do what everybody knows can be done.

### The American Strike Crisis.

The real rulers of a modern State are the money monopolists who control its credit. All conflicts between two other sections of the community merely strengthen the power of that rule.

There is no better example of this than an industrial dispute, the *fundamental* cause of which is the shortage of purchasing power inherent in the present financial system. A big strike is the father of all "red herrings."

The antagonism between employers and employed is a secondary one. At the present stage, the main conflict—the real "class war"—is that between the employers and employed on the one hand and the banking system on the other.

The struggle for wages is a futile struggle. As the sole source of purchasing power, wages are out of date. The financial system operates in such a way that the total costs of industrial production must always be more than the wages and salaries paid out in the process. Further, the continual displacement of men by machinery will always counteract any temporary increases which may be made in the total paid for labour.

So long as the financial system prevents industry from recovering the full price of its production from the consuming public, it cannot appreciably increase the real wages of its workers, and an attempt to do so would ultimately ruin both of the parties.

The American textile workers are demanding a 34 hour week with no reduction of wages, which are now based on a 40 hour week. Even were the demand granted, who would benefit? The increased labour costs would go into the price of textile goods, and as the ratio of prices to the incomes of the public would not appreciably improve, the textile workers would have gained no advantage. Further, the re-absorption of labour by shortening working hours would only be temporary; for mechanisation would continue, labour would again be displaced and the 34 hours would soon become as excessive as 40 hours are now.

To this futile end a million and a half workers are to go through the terrors of a strike which, in America, where the police have brought provocation to a fine art, means machine guns.

One can only hope that the very seriousness of the situation will inspire the United States Government to face up to the fact that under the modern financial system no industry can pay its workers a sufficient livelihood, and that the only solution of the problem is the payment to all citizens of an independent money income, irrespective of the work they do, based on the credit of the wealth they have helped to create.

### Civil War for £3 15s.

It is a peculiarly ironic comment on the American situation to remark that the wage which the textile workers are out to maintain is 18 dollars a week, roughly £3 15s. For this sum, which means little more than mere subsistence, the American textile operatives are preparing to face what is practically civil war.

When one tries to estimate the value to the community, in terms of real wealth, of the great American textile industry, one realizes how pitifully inadequate are the demands the operatives are making as their share in the national assets they have helped to create. If their leaders were demanding that this wealth should be made the basis of credit for the issue of a dividend to all textile workers, there would be some relevancy in their agitation. But that would not be an industrial dispute; it would be a step towards economic democracy, and the beginning of the end of poverty.

### That Fall in the Pound.

The financial system is based on a fundamental indifference to the real needs of trade. The fantastic nonsense that appears almost daily in the financial columns of the Press reads like the conversations of sequestered lunatics for all the relation it seems to bear to the world of reality outside. Though there the comparison ends; *certified* lunatics are mainly harmless, and the world is not guided by what they say.

For instance, referring to the fall of the £ this week, which resulted from the rise in the price of gold, the *Telegraph* says that though this fall occurs at an "awkward moment," "no reason for alarm exists, and the trader will be wise to emulate the calmness with which the downward movement has been watched in the City."

"Calmness" is good. Of course the City is calm. The City makes its money on these fluctuations, and it doesn't mind so much which way the changes go so long as they are continued. Its interests are thus definitely opposed to the traders', who want stability. "Calmness" is another way of saying "indifference to the real needs of trade."

The "awkward moment" refers to the fact that at this time of the year traders make big importations of raw materials from foreign crops. A fall in the £ goes against them, as they have to pay more for the goods. But to pretend that the money market worries about the troubles of importers is nonsense. The big financial houses are at present mainly interested in exports; their chief aim is to lend money to foreign countries to enable them to buy our exports. They cannot lend enough money at home, as the shortage of purchasing power has spoilt the home market as an investment. While these big purchases of raw material are taking place they have to pretend that a depreciated currency is "awkward"; but when the deals are through, they will continue openly to aim at depreciation. And the old game will go on: the financiers of each country trying to lower their currencies quicker than their competitors so as to get the advantage of them in the foreign markets.

The only escape from this nonsensical policy is to make the improvement of the home market the first aim of national policy. The nation would then cease to depend on its export trade; it would no longer be forced to impoverish itself in a futile attempt to beggar its neighbour, and these financial wangles would be innocuous and therefore inoperative. Finance is only profitable so long as it is harmful to the community.

### The Great Discovery.

"The increasing mechanisation of industry," says *The Times Trade and Engineering Supplement*, "is undoubtedly partly responsible for the number of those without work, even if it be true, as some maintain, that this phase is transitional."

As long ago as 1811 the common people discovered that machinery which saves labour, also displaces labour. *The Times* discovered it in August, 1934. "Better late than never."

The Luddites, who were shot down by the military for breaking up the machinery which took away their work (and consequently their wages) in 1811 might find *The Times* on their side to-day, for it too, apparently regards it as inevitable that unemployment means "unemployment."

"An economist," it says, "can deny that the competitive conditions in industry often make it essential to 'rationalize' in personnel, but Ministers must not overlook the desirability of providing some alternative means of livelihood for those who are eliminated in the process."

As it is barely 15 years since Major Douglas first demonstrated the manner in which the wages and the machine

could be distributed, amongst those whose labour it displaced, by means of the National Dividend and the Compensated Price, *The Times*, whose economic education advances slowly, cannot be expected to have heard of it.

*The Times*, in fact, like other orthodox economic authorities, shows no sign of facing up to this issue. It admits that what is called in the U.S.A. "technological unemployment" exists, but it offers no suggestion as to how provision should be made for those displaced. To suggest vaguely, as it proceeds to do, that the Government should "devise methods" for settling the unemployed on the very land from which "rationalization" has displaced many of them is to beg the whole question. Such schemes cost money; and those who control *The Times* know, if those who write for it do not, and the power to create, issue and recall money for such schemes rests not with the Government, but with the banks. Is not the Governor of the Bank of England a member of the controlling body of *The Times*? Hence, no doubt, the suggestion that if such money is to be spent, it shall be on condition that the people concerned shall be subjected to a State-supervised and virtually forcible land-settlement.

Democracy should have an alternative suggestion, namely, that if the community has had the enterprise and intelligence to save its own labour in food production, it should be given the money to purchase the produce freely and on conditions of its own choosing, irrespective of what work it does and where it does it.

The one thing the community desires above all others is economic security. By those very inventions which save its labour it has discovered the means of producing sufficient to satisfy its material needs. It is not for the Cabinet to draw up schemes for the distribution of that sufficiency. And for a private bank to control the supply of the necessary money-tickets is a piece of insolence which an enlightened democracy would not permit for a day.

#### Whose Resources are They?

Our valued contributor, "Daran," has quoted the example of the Australian Government as an instance of the subservience of the legislature to the money monopoly. The Australian Prime Minister, Mr. Lyons, has indeed distinguished himself more than most politicians by humiliating and sycophantic adherence to that banking policy which is steadily strangling the trade of all nations, and has reduced statesmen to the undignified status of servants taking orders from an anti-social, irresponsible vested interest.

As further evidence, one recent remark of Mr. Lyons is rather precious. Objecting to current criticism of the banks, he leapt to defend them with the statement that the banks had "strained their resources to support all clients having the slightest hope of carrying on."

That was very nicely put; but in plainer English it means that so long as any trader has any security at all, the banks are ready to lend him money on it so long as there is the "slightest hope" of him having anything left upon which they can foreclose after the inevitable results of their policy have ruined his business.

Incidentally, banks haven't any resources; they use the people's.

#### The Hideous Noise will Remind You.

There is a great deal in the current Press about Noise. The Minister of Transport has ordered "Zones of Silence," for instance, in which motor horns must not be sounded at night. In this connection it is appropriate to mention that a silencer for pneumatic drills has just been invented which saves 60 per cent. of the noise. The Press announcement was accompanied by a description of the bad nervous effects and deafness inflicted on men who use these drills. But the invention is to be laid aside because it is "too costly." The noise of the drills will continue.

Next time any of our readers finds the road is up outside his home or office, and is unable to think, work, talk or sleep in consequence, he may now ask with some reason, "Why this noise?" The silencer has been invented and proved, the materials are ready for making it, and there are plenty of skilled men ready to make it. There is only one thing lacking—the money. Are we to assume that money is harder to make than a pneumatic drill silencer? Ask an engineer.

The answer to the question "Why this noise?" is simple and familiar: Under the present financial system there is never enough money in existence to enable the community to use or distribute the whole of its own wealth.

#### A Fascist Bargain.

Mussolini is making overtures to former leaders of the Socialist Party he suppressed on seizing power.

He thinks they may be of use—to help him to cut wages. Wage-cuts would, he thinks, taste better to the Italian workers if sanctioned by ex-Socialist leaders. We referred last week to the fact that Mussolini was permitted by his bankers to continue an increasing budget deficit from year to year, and we wondered on what terms he was allowed to do so. This is evidently part of the bargain—that he cuts wages. The great Dictator would appear, therefore, to be in the same ignominious position as the Ministers of our own late Labour Government, who were ordered by the Bank of England to cut their unemployment relief or clear out. Governments are obviously the same the world over, namely, controlled by their own financiers. We may still ask, What change has Fascism made?

#### The Monopoly of Credit.

An example of the increasing subservience of public interests to financial interests was recorded in the *Daily Herald* of August 15th. The City Editor stated that an important municipality recently applied to the Ministry of Health to borrow £20,000 to be used for making loans to prospective house-purchasers. Such loans can now be made by local authorities at 3¾%, following the reduction of the interest rate on loans to local authorities from the Local Loans Fund, to 3½%.

The Ministry of Health in reply suggested that the municipality concerned should consider the alternative of recommending intending purchasers to apply to the building societies.

The building societies, in common with the insurance companies and all other organisations responsible for the issue or withdrawal of credit are, of course, only extensions of the financial system. They have been described in these pages as the system's "chief collective arm." If the Treasury's recommendation is acted upon, therefore, the building societies will be given direct control over the question of interest rates, and their terms for loans average about 5% compared with 3¾% charged by local authorities.

The *Daily Herald's* comment on this matter is to the point: "It is . . . evident from the reply received by the Council in question that other interests have been at work."

That is true enough. It is fairly obvious that the Ministry of Health had its orders from the Treasury, which in these days is merely the legislative department of the City. This deliberate transference of a useful public function from elected municipal authorities to private financial concerns is but another flagrant example of the increasing control of financial interests over all elected bodies, local and national.

Electors should remember this when next they are invited to vote for a local authority which includes Housing in its programme.

# Social Credit and the Banks

## Why Banks Would Benefit from the Douglas Proposals.

By M. C. BOND.

**A**T a time when the Social Credit Movement is about to carry out an extensive canvassing campaign on the entire electorate, it is intelligible that anti-Social Credit propaganda should be disseminated throughout all organisations to which controlling financial interests have access—notably the Commercial Banks.

It is most necessary that the personnel of these banks should realize the true nature of Social Credit and understand that the criticism levied by the Movement is aimed at a higher quarter than the operatives of the banks. It was to make this matter clear that a number of Social Credit Groups recently co-operated in sending out the following letter addressed to the majority of the branch banks of the "Big Five" in the country (some 6,000 in all):—

### A Letter to the Banks.

"The widespread support being gained for the establishment of a Social Credit Commonwealth of Great Britain, in accordance with the principles advocated by Major Douglas, has resulted in increasing criticism of banking practice.

I shall be glad if you will give these important facts your careful attention and bring this letter and enclosure to the notice of your staff:—

(1) The Douglas Social Credit Movement does not attack the Banks as such, nor does it attack the personnel of the Banks. The attack is directed against the system which the Banks are obliged to operate, as being the cause of the present disastrous condition of affairs.

(2) The animosity which is a feature of certain Social Credit propaganda is entirely directed against the deliberate attempts emanating from influential banking circles to obstruct and mis-represent criticism of the financial system, and to obscure the real issue involved. While the personnel of the Banks cannot be held responsible for this, those in certain influential positions in the financial world cannot escape responsibility.

(3) There is no suggestion in any of the Social Credit proposals that the Banks, or for that matter the Bank of England, should be nationalised. This is an administrative question with which the Movement is not concerned. In point of fact the introduction of Social Credit will enhance the prestige of Banks and benefit the staffs operating the Banks.

(4) Whereas now the managers and staffs of Banks are operating a system which is producing anti-social results, under Social Credit they will have the satisfaction of operating a system which will benefit their fellow men to a degree hardly possible to visualise under existing conditions.

(5) Finally, if the main body of the personnel of Banks understood the Douglas Social Credit case and the implications arising therefrom, they would undoubtedly be in the vanguard for the growing demand for averting the certain disastrous consequences of the present system—with its false cost-accountancy—by establishing a system which will result in real economic democracy."

### Social Credit does *not* mean Nationalisation.

This letter has since received comment from numerous influential quarters, and there can be no doubt that it has achieved very useful results in making the aims of the Movement clear. There still remains, however, a large proportion of the bank personnel who are completely unaware of what Social Credit is and who have conceived the idea that the Socialisation of Credit necessarily entails the Nationalisation of Banking.

It is most necessary that the Electoral Campaign which is to be carried out shortly, be afforded the absolute support of the entire staffs of the Joint Stock Banks, and to this end a summary of their actual position after the introduction of Social Credit may be of assistance.

First, let me stress again that the Nationalisation of Banks and financial institutions is not advocated, this being plainly a political issue upon which the Movement, as such, expresses no form of opinion whatever. The actual management and day to day running of the banks will not be interfered with, as it is only intended to remove from the hands of the present *administrators* of the Financial System,

the power of issuing money and controlling the nation's credit. This administration, which is exercised not for the good of the community as a whole, but for the individual enrichment of a few international financiers, is the focussing point of the criticism which I have mentioned. And it is only because the managers and staffs of the banks are instrumental in giving effect to this policy, which in its essence is anti-social, that they are of necessity criticised by advocates of Social Credit. Under Social Credit the banks will be called upon to operate a system the primary function of which will be in the interests of the community collectively, and there can be no doubt that the prestige of the personnel of the banks will be increased as a result.

### Banking Business would be Increased.

The permanent removal of the restrictions now imposed upon industry by the restriction of financial credit will result in a vast increase in production and distribution and consequently in the business of commercial banking generally, thus providing the staffs with a wider scope of opportunity.

Whereas, at present, banking policy demands a highly centralised system, the tendency under Social Credit would be towards de-centralisation and the placing of individual responsibility on a larger number of employees. In other words, an increase in the number of responsible positions, and an incentive to the staffs. The increased demand for efficient personnel in the fields of both industry and commerce, with the ability to pay adequate salaries in order to stimulate efficiency will ensure that the banks remunerate their staffs on as high a scale as possible. Moreover, under Social Credit, every citizen would be encouraged to open a banking account, and it follows that a great increase would result in the banking facilities available to the public, and consequently, the prospects for advancement open to members of the bank staffs would be enhanced.

It is plain from the points I have made above that banking would, in fact, be one of the professions to benefit most from the introduction of Social Credit, as in addition to these advantages the staffs would, of course, obtain an increase in personal incomes by means of:—

(a) The National Dividend, which would be paid to every citizen regardless of the nature of his employment.

(b) The Just Price, under which purchasing power would be increased by virtue of the discount in prices of all consumable goods.

### The Alternative of Democracy.

At the present time civilisation appears to be pursuing two objectives which are in themselves diametrically opposed; science and invention are striving, and with remarkable success, to produce labour-saving machinery which will enable man to lengthen his times of leisure. At the same time we witness increasing poverty among the unemployed and the frantic and futile efforts of the Government to find work for them. Undoubtedly, then, we have reached a point at which our acknowledged leaders do not know in what way to cope with the quickly developing situation and have imposed restriction after restriction upon the individual in order to uphold a system which is, of its nature, continually operating against him.

It is the aim of Social Credit therefore, to arrest the power of the money monopolists who dictate this system and to institute in its stead a true democracy which will enable the individual to gain the freedom he desires by endowing him with absolute and permanent economic security in the form of a National Dividend. The introduction of Social Credit would rob a few of the power they hold at present over human lives; other than these all would benefit. "Not less for some, but more for all" expresses it in a phrase.

### "It is more Blessed to Give—"

The requirements of the export market will be given preference in every way over the home market.—  
Dr. Schacht.

# The Economics of Happy Valley

A Banking Expert Lets His Imagination Wander.

By R. L. NORTHBRIDGE.

**M**R. KIPLING, you remember, has written a poem that begins:

"There is a world outside the one you know,  
"To which for curiousness 'E'll cant compare—"

It is inhabited, according to the poem, by the "Wilful-Missing," but it seems more than probable that most of our economists live there too. The official address of the author of an article in the *Monthly Review* of Barclay's Bank can hardly be in the usual directory. Listen to this:—

"In a well-balanced economic organisation there is no limit to the possibility of expanding consumption as production increases, and consequently, if hours of work are restricted, it is in effect a voluntary acceptance on the part of the community of a lower level of output and consumption than the progress of invention and science have made possible."

Our economic organisation has been called a good many things recently, but "well-balanced" is not usually one of them. In the world that we are living in it is notorious that with increased production of wheat, of cotton, calves, and coffee (with sugar), to name only a few commodities, consumption is *not* expanded. Instead, we burn, shoot or otherwise destroy the plenty that "the progress of invention and science have made possible," and heroically tighten our belts upon the half rations inside us.

## He Cannot be referring to Us.

So it is quite clear that this economist is not talking about our own vale of tears, but some Happy Valley of his own discovering. It will be interesting to follow his description of its strange customs.

You will already have noticed that in this strange country of which the economist speaks: "if the hours of work are restricted, it is in effect a *voluntary* acceptance . . . of a lower level of output and consumption." With us, alas, it is a different story. Nobody asks us whether we would *like* to go on the dole or work short time. And though we may not care for our "lower level of consumption" our own volition has very little to do with it.

But to continue. "Although it is undoubtedly true that improvements in mechanization such as have recently occurred do cause dislocation and hardship among certain sections of the population, yet, over a period, the country and the world, as a whole, reap a considerable benefit in one way or another."

Now it cannot be that in Happy Valley the effect of labour-saving devices is only temporary. In our own country *our* inventions have done comparatively little towards either shortening hours of labour or raising the standard of living. But he distinctly says that the people of this strange land he describes "reap a considerable benefit" from their inventions. We can only conclude, therefore, that each citizen has a National Dividend to make dignified leisure possible.

## Why Have Wages Only Doubled?

Professor Copland, apologist for the Australian banking system, in the course of an argument against the necessity for the Social Credit proposals, stated that statistics showed that real wages had almost doubled since the Napoleonic Wars, while many social amenities, such as free education, had been provided for the people. Major Douglas's published reply, written some years ago ("The New and the Old Economics"), ran as follows:—

"The first contention is, if I may say so, completely damning to his argument. If real wages have only doubled in this country in a hundred years, while rates of production have increased by at least fifty times, then the population has been defrauded of all but four per cent. of the increase. As I previously remarked, the increase is probably much more than fifty times, but I am satisfied to understate the case. In regard to his second contention, the social amenities and free education to which he refers are not free at all—they are paid for by taxation of incomes already, for the most part, too small."

Professor Copland is doubtless preparing some crushing rejoinder, but it is not ready yet.

By this time, perhaps, you will have discovered the fundamental difference between our economic system and the one in operation in Happy Valley. Those lucky people *are able to buy all that they can produce*. Total incomes are permanently equal to total prices. For when that is true, all the author's remarks make sense; when it is untrue as with us, they make sheer nonsense as we have seen. Read the extracts over again and judge for yourself.

## Mechanisation is Real Wealth.

The only statement it is necessary to modify is the one referring to the "dislocation and hardship" inflicted by an improvement in mechanization. Such an improvement represents a gain in real wealth by the community, and, as such, should confer an immediate benefit. If it does not, it is the fault of the system which fails to distribute the proceeds of that mechanization.

Under Social Credit such an improvement might mean that some workers lost their jobs during the period of transition and, consequently, had to live temporarily on their National Dividend, instead of receiving both Dividend and wage. But their circumstances would not be disastrous. For one reason, other jobs would be easy to find, for the National Dividend would mean an ever increasing demand upon the productive system. Further as the improvement in mechanization would mean an increase in the nation's real wealth, the National Dividend, based on that wealth, would progressively increase. Slight and temporary "dislocation" there might be; "hardships" would be impossible in a community as rich as ours.

The moral is, therefore, that if you want to live in Happy Valley, that is to say, if our economic system is to deliver the goods, you must make sure that you get a National Dividend, and that an accounting adjustment is introduced, whereby prices are permanently made equal to the incomes of consumers. Perhaps that is what the writer in Barclay's *Review* was hinting at.

## LONDON SOCIAL CREDIT CLUB.

Meetings at Blewcoat Room, Caxton Street, S.W.1,

Fridays, 5 p.m. to 11 p.m.

Arrangements for SEPTEMBER, 1934:—

14th, at 7.45 p.m.—Discussion of A + B Theorem, introduced by Dr. Ewart Purves.

21st, at 7.45 p.m.—Address by Mr. R. J. Scrutton, of "Prosperity."

28th, at 7.45 p.m.—"The Social Principles of Social Credit," by Mr. W. T. Symons.

Hon. Sec. Dr. J. C. B. Mitchell,  
2, Bromley Common, Kent.

## The Shopkeepers are not "the People."

Mr. Hepburn claims to have saved the people of Ontario several million dollars by economies since he assumed office in July. He has discharged hundreds of Civil servants. . . . "The Times." (And the shopkeepers have been "saved" from their custom.)

## The Gods Like High Prices.

This rise in prices has not been the result of the efforts of the Wheat Advisory Committee, for these during the first year of its existence were of no effect, but where man has failed the Power which controls the weather has succeeded. . . . "The Times."

## Optimism.

Drapery and clothing. Hopes of a revival of retail business are based on the fact that the turnover in August was unusually low. . . . "The Times," Trade prospects..

# Government by Banking

## The Economic Consequences of the Australian Lyons.

BY DARAN.

**M**R. J. A. LYONS is Prime Minister of Australia, which may very soon assume a position of world leadership by becoming the first Social Credit State. But Mr. Lyons has been an obedient pupil of the Banking school; of the Bank of England as represented by Sir Otto Niemeyer, who was sent out to teach the principles of sound finance to those rebellious Australians.

And so Mr. Lyons, who heads a National Government, is now reported to have made an "effective" reply to Labour's plea for the nationalisation of Banking in the Commonwealth.

He said: "The only country where there is complete nationalisation of banking is Soviet Russia. The Soviet recently issued a loan at 7 per cent., while the Commonwealth of Australia, with a carefully-balanced banking system, combining a central bank and a circle of privately-owned trading banks, has floated a loan at 3½ per cent., the lowest in the history of Australia. These contrasts in methods and results," he boasts: "speak for themselves."

And so, the political head of one of the most virile communities in the world makes a pronouncement that condemns impartially, the banking system, its proposed nationalisation, and the economic ignorance of Mr. Lyons. That this statement is doubtlessly made sincerely and in good faith is but a symptom of that blindness in financial matters that makes possible the toleration of tragic and degrading conditions of destitution and insecurity throughout the civilised world.

### The Banks' Dictatorship.

Banking is, in fact, at once the most perfect and indispensable of commercial organisations, and a weapon whereby financial policy exercises an absolute and irresponsible control over productive industry, and the liberty of the individual in society. It is, at present, an absolute dictatorship with the power to grant *or to refuse*, a licence to live in the form of money.

Infringement upon personal liberty has been the historic cause of attack upon all forms of government, as government is generally understood. More obviously, therefore, a form of government that is concealed, repressive, and acting under principles which have become, by suggestion, axiomatic and beyond human control, must be attacked and corrected before any advance can be made towards a true economic democracy.

What, then, is Banking in its two-fold capacity of perfect commercial organism, and dictator? The technical literature on the subject is extensive, but a brief summary may be made.

### The Influence of a False Theory.

First, it must be remembered that both the economic distribution of wealth, and the exchange of such wealth, are still based upon the "commodity theory" of money as a measure of value and a medium of exchange; this has become known as the "Quantity Law of Money." One commodity assumed to possess a stable value, (at present, gold,) is used as the "standard" against which all other commodities must be measured. And the completion of each contract, that is, of each transaction involving the exchange of material commodities, must *in theory* be achieved by an equivalent transfer of the standard measure, which thus becomes the universal medium of exchange. However far removed the practice of commerce may be from the theoretical conception, *it is this theory that controls all economic activities*, as will shortly be seen.

Economic development demands and creates new means of exchange and the universal method is now operated by the credit system—the use of cheques as "representative" or token money.

The banking system, as its proper function, expedites the exchange of goods, of economic utilities, without the necessity of an equivalent transfer of the measuring commodity or medium of exchange. It does so with absolute efficiency by operating the cheque system as a *system of perfected barter*.

The method is one of complicated and multitudinous transactions reduced to a startling simplicity, the operations of the national market and the world market being recorded, financially, in the universal counting-house of banking.

Theoretically, each transaction must involve a transfer of the standard, gold. Practically, all gold is held by the banks, the trading banks crediting their depositors, and themselves opening a "banker's" bank account with the central bank. This central reserve is assumed to be converted into a stream of gold, flowing through all the banks and branches of the national currency system; say, of Australia. Therefore, when a Port Darwin merchant buys goods from a Sydney manufacturer, he does not withdraw his "gold" from his Port Darwin bank and transport it to Sydney; he draws a cheque, bearing the authority of his Port Darwin banker, and sends it to his Sydney creditor, who is by this authority *empowered to tap the imaginary stream of gold* as it passes through his own bank in Sydney. In practice this means that the cheque is lodged by the Sydney payee, placed to his credit, and he is thus authorised to issue additional cheques to the value of his new credit—which he promptly proceeds to do.

### A System of Perfected Barter.

The Sydney manufacturer, indeed, has sent, say, £10,000 worth of manufactured goods to Port Darwin, and must replenish his stock. He decides to purchase raw materials, of a similar value, from say, Melbourne. In due course, the new materials arrive, and a cheque in settlement is remitted to Melbourne.

Note the practical effects. The Sydney manufacturer has replaced £10,000 value of finished goods by £10,000 value of raw materials, by the receipt and remittance of two scraps of paper. *By the use of cheques he has bartered one class of goods for another*, without "material" payment of any kind. The Port Darwin merchant has received goods value £10,000 and has remitted only a scrap of paper; he will in due course sell his consignment for cheques value £10,000 (ignoring trade profits), *and replace the goods sold in a similar manner*. So with the Melbourne vendor of raw materials. If a rounded illustration is preferred, let the Port Darwin merchant sell his finished goods at a profit, to the Melbourne manufacturer; then Sydney has exchanged finished goods for raw materials, Melbourne has exchanged raw materials for finished goods; Port Darwin has reverted to his original status after earning a merchandizing or middleman profit, which may be ignored, and the completion of these transactions is a matter only of book-keeping record in various bank ledgers, such entries being based on instructions stated on various scraps of paper, cheques.

*There is in practice an actual and efficient system of perfected barter embodied in the cheque system and operated by the banks*, which is in fact the only method by which the exchange of goods under modern conditions could be effected. Moreover, the system could support a quite indefinite increase of the turnover or exchange of goods; the British banking figures of £40,000,000,000 might be multiplied ten times without affecting the essential ease and accuracy of banking record.

### Easily adjusted to Social Credit.

This is made possible by the bankers' clearing-house system. Assuming, for illustration, that Sydney and Melbourne have separate banks. Each bank has an account with the Central Bank; that is, a claim upon the gold held by the Central Bank. Thus, if Sydney sells to Melbourne 10,000 separate items valued for £1 each, and received 10,000 separate cheques of £1 each, these cheques are regarded as claims on the Melbourne bank's gold, and lodged (by a specific routine) with the Central Bank to be credited to Sydney. But if, during the same period, other Melbourne traders sell 10,100 separate items of £1 each to other Sydney traders receiving 10,100 separate cheques drawn on the Sydney bankers, the procedure is repeated in favour of Melbourne. Therefore, at the Central Bank the position is that Melbourne owes Sydney 10,000 items of an aggre-

gate value of £10,000 and Sydney owes Melbourne 10,100 items of an aggregate value of £10,100, and the two series of transactions may be completed by transferring £100 from the Sydney account to the Melbourne account, so adjusting their respective claims upon the gold reserve. Twenty-thousand one hundred items are thus ultimately completed by one book-keeping entry; the idea of a commodity medium of exchange has been completely eliminated; the system of perfected barter is flexibly adjustable to the needs of any scientific system of economic distribution and exchange, and would be so adjusted under Social Credit principles.

### Banks have Usurped the State's Function.

But, unfortunately, the second and most important function of banking is the imposition of policy upon the economic system:—

- (a) It has usurped the State function of creating and destroying representative or credit money.
- (b) It has created an absolute monopoly of credit by relating the amount of credit-money to the amount of the standard money held by the central bank, by the operation of the internal Gold Standard.
- (c) Arbitrary penal powers have thus become, by accepted custom, vested in financial policy.

The creation and destruction of money by the financial system is now a postulate of all economic discussion, and has been precisely described and admitted by Mr. Reginald McKenna. The method is by credit-accounting and is easily understood.

National credit, in the real sense, is the power of an industrial system to provide goods as and when required. Industrial civilisation has in fact solved the problem of supply; potentially, the natural wealth of the world is unlimited.

The commodity basis of currency, however, has no relation to economic development, and the actual standard money has become totally inadequate as a vehicle for the exchange of goods. It has, in fact, to all intents passed out of practical use except as the small change of commerce. To cover this deficiency of the medium of exchange, the conception of financial credit has been evolved. Financial credit is, simply, the amount of bank deposits, which are used as money by means of those tokens called cheques. Cheques "represent" deposits, and deposits "represent" standard money. Therefore, cheques are issued on the credit of bankers, that they "represent" gold, and can be exchanged for gold as an ultimate closure of an exchange transaction.

### Exploiting the Nation's Credit.

But, in actual fact, deposits or credit-money are now created on the "credit" of the fixed assets of the community, valued at the discretion of bankers, against which bank loans are issued. Now a bank loan has three phases:

- (a) It creates a debt due by the borrower to the bank, secured by the "credit" of a charge on the borrower's fixed assets.
- (b) The loan becomes effective only when the borrower draws a cheque in favour of a third party.
- (c) The third party received the cheque *as money*, and lodges it at his branch of the banking system. The third party's deposit is thus increased, this new deposit being usable money, the general balance of the banking system being between the new deposit, and the new loan.

Obviously, therefore, every loan creates a deposit. In fact, all new money now originates as bank loans. Conversely, no borrower can repay a loan, unless he receives a cheque drawn upon the deposit of some other individual within the currency system; therefore, every repayment of a loan destroys a deposit; destroys *money*.

In default of any scientific regulation, and in apparent ignorance of economic realities, financial policy has decreed that the amount of bank deposits shall bear a specified relationship to the "reserve" of standard money, normally, in Great Britain, in the proportion of 100 to 10. Thus, when bank deposits, (that is, "representative money") are increased beyond the normal proportion, financial policy imposes a deflationary cycle by the simple expedient of

calling in loans, refusing new loans, *and thus destroying deposits*. The British system, after creating ten thousand millions *out of nothing* as invested debts during the world war, yet increased its total "money" from £1,100,000,000 in 1914 to £3,600,000,000 in 1920, but, under the inflationary dictation of 1920, this figure was reduced to £2,300,000,000 in 1927.

And during those seven years, the industries of Britain were paralysed and partially destroyed, and a monstrous punishment of destitution and misery was imposed upon the returned civilian soldiers and their dependents. Thus was enacted a disastrous phase of the most ruthless dictatorship of all history, operated by a financial system that, on the basis of standard money, is hopelessly insolvent, that controls the economic system by means of a fraudulent standard, and that proceeds in defiance of economic realities.

### The Necessity for Scientific Principles.

The position of banking in the economy of nations may therefore be summarised.

The economic structure of society is the very skeleton upon which the life of the society is built. Before any cultural environment may be created or enjoyed, the physical necessities must be satisfied. That satisfaction is by the production of economic utilities by scientific industry, their exchange between specialised departments, and their ultimate distribution for consumption. "Wealth" is the stream of production, and its exchange is made possible by the money system; now, primarily by the system of perfected barter. So currency is really the life-blood of a society that is considered, properly, as an organism.

Therefore, it must be submitted that all questions concerning the creation of money and the control of currency must be decided on scientific principles by the State, acting on behalf of the community as a whole. Such questions are vital; they are questions indeed of life and death to those who, in the modern state, cannot obtain the currency which is the only accepted evidence of a claim upon the "stream of production." These questions are above all considerations of profit or loss, of personal gain or individual power; they must be decided by scientific method.

### Banking Policy Ignores the Nation's Needs.

Yet credit-money is created and issued without regard to the necessity of the community, as such. Credit-money is created by the banks as a loan and controlled by the internal gold standard, and the consideration for its issue is the shortest possible period of repayment. It is used for personal gain by the operators of the financial system, and, being the *universal* medium of exchange, the financial system becomes definitely anti-social by reason of the way it operates.

The functions of banking, therefore, as operating financial policy imply destructive and penal powers that have no relation to its direct utility as a commercial organism. It embodies economic domination by the gold standard. It causes all credit-currency to exist only as a debt to the financial system. It involves the control and subordination of the credit of Governments, and of real National credit. It vests the control of consumption, by prices, in the financial system. And, by the power to hold up or destroy the productive process, it can deny the right to obtain money, by work, to the individuals of the community; it can grant or deny the monetary token, the licence to live. Finance operates an irresponsible economic system of rewards and punishments, and destroys utterly the scientific basis of modern society.

### A Prime Minister Boasts of it.

Here in brief, are the hidden implications of the pitiful boast of Mr. Lyons, and the economic consequences of his policy on Australians. But an increasing number of Australians are aware that, in the Social Credit principles, there exists a method whereby the social values of banking, of the system of perfected barter, may be used in a new and vital form in the leisure state, while the anti-social tendencies of financial policy may be discarded for ever.

And, in spite of the blindness of the Lyons, Britain and the world has come to look with confidence to the virile youthfulness of Australian thought, its free acceptance of new ideas, and the world-possibilities of its immediate acceptance of Social Credit and the creation of the first Social Credit State.

## A Social Creditor's Diary

WHEN John Ruskin, in "Unto this Last," sounded the first trumpet call for Old Age Pensions, people mistook it for the nonsense of a madman. Old Age Pensions are now more firmly established than the State itself. When Major Douglas first sounded the reveille for the National Dividend, that is, an income for everybody for life, payable out of the community's inheritance of science and invention, people could not believe that he could both mean what he said and be of sound mind. Yet the world, from New Zealand to the United States, is rapidly becoming convinced that if the problems of "Poverty amid Plenty" and "Unemployment" are to be solved at all, the solution will have to include the National Dividend.

Under a very fine photograph of an enormous field of wheat in process of being harvested, published in "The Times" of August 30, there is the following note: "The use of machinery for harvesting and other branches of agriculture in this country is steadily increasing. Our picture shews a field of wheat being cut and threshed by combine-harvesters on the farm of British Mechanized Farms, Ltd., at Melton Constable, Norfolk, with, in the centre, a machine picking up and baling the straw." Only four men are to be seen. The entire scene is thrilling. But if the machines are going to do the whole of the work of production, how are the displaced labourers to be fed? Please don't sneer at so idiotic a question. The answer may seem clear to you, but it has every expert economist and every Government in the world baffled.

Everybody ought to know by this time how the European War was financed. The bankers kindly lent "bank-deposits"—which cost them nothing, as they consisted of new money created for the purpose—to the Government, which was then allowed to write cheques payable to munitions manufacturers.

These "bank-deposits," borrowed by the Government over four and a half years, piled up the National Debt from a mere 650 million pounds at the beginning to the colossal figure of 7,000 million pounds at the end. In the event of another war, the nation would have to start with a debt of over 7,000 million pounds. Obviously with such a handicap, the new war could not be financed on the same lines as the old. It is indeed, abundantly clear that whether or not a new financial system is established to spread out the blessings of peace, a new system would have to

be adopted for the production and distribution of the toys of war.

A country's ability to produce what it wants—Major Douglas calls it the community's "real credit"—cannot stand still. It must either improve or deteriorate. At the luncheon given in Glasgow after the launching of the "Galatea," Mr. Robert L. Scott made the very serious disclosure that during the trade depression the highly skilled man had left shipbuilding either to emigrate or to take up other trades. The scarcity of such men, he added, was now so acute that if a sudden demand for tonnage, mercantile or naval, were to arise, the necessary skill would not be available. "The shipyards and engine-shops," he concluded, "were here, but not the trained men." Actually the outlook is blacker than Mr. Scott painted it. Even the shipyards and engine-shops are fast being destroyed. Within the last month Shipbuilders' Security, Ltd., bought up for destruction a further three of Armstrong Whitworth's yards on Tyneside, making, to date, eight yards marked for destruction out of a total of fourteen. Whether or not war is as imminent a risk as Mr. Baldwin periodically terrifies us into believing, the Government of which he is now virtually Prime Minister, in order to preserve an obsolete financial system, is pursuing a policy that would make defeat a certainty.

Nothing catches on like a slogan, even a slogan that doesn't make sense. Reflation, which is the policy of enabling industrialists to pay off their debts to the bankers with loans from the Government of money borrowed from the same bankers, has been enthusiastically labelled in America: "Priming the Industrial Pump." A pump is an excellent symbol for industry. The slogan as a whole, however, would disgrace the brains of a schoolboy. There can be no sense in simply priming the pump if your only trouble is that the thirsty folk standing about have no means of drinking the ample water already drawn.

The publication of Lord Snowden's autobiography recalls the occasion when, as Chancellor of the Exchequer, he described the Bank of England as the greatest moral force in the country. The description is accurate if you agree with the definition of morality put by Bernard Shaw into the mouth of a silly ass in his play, "Misalliance": "Drawing a line and making other people toe it!"

A. N.

## Insecurity

By EIMAR O'DUFFY.

PRIMEVAL man lived in a state of constant insecurity. The forces of nature were an ever-present peril. A storm or a flood might sweep away his frail dwelling, or destroy his crops and livestock. Game might disappear from his district. A bad season would reduce whole communities to destitution. If the father of a family were killed or crippled, his family starved.

These tragedies were inevitable. They really were "inexorable laws of economics" in those days. If a producer perished or lost his productive power, his dependents had to suffer, unless others helped them; and since it was all a man could do, with only his own two hands to work for him, to support his own family, such help was necessarily inadequate.

Yet to-day, with all our immense advances in productive power, insecurity remains. Indeed, it is *because* of those advances that the livelihood of millions is *more* precarious than that of our ancestors. A *good* season is now the calamity most dreaded by agricultural communities. An invention that enormously increases national productivity often brings ruin, through unemployment, on thousands of homes. It is scarcely an exaggeration to say that more homes are lost in the civilised world through the coldly legal operation of the financial system than were ever lost in ancient times by storm and flood. The system itself, through the money shortage, creates a constant artificial winter; and financiers, by their manipulations of credit, make havoc comparable to a visitation of locusts.

Illness, accident, and old-age are to-day as disastrous to most people as they were ten thousand years ago. We are

instructed to "save" for these emergencies—to store up paper tickets as the squirrel stores nuts—but few of us can manage to save much, and if we do it may all vanish in a night as a result of what is called "capital readjustments" or some financier's juggling. The worn-out doctor or clerk or artisan is as helpless as the worn-out hunter of neolithic times, or for that matter, as the worn-out stag or lion in the wilderness.

All classes live in the same insecurity. The professional man earning a five-figure income is not much safer than the labourer with two pounds a week.

The middle-class widow struggling to support a family on needlework or such-like is perhaps the most tragic figure in our civilisation.

All this is accepted by those not actually afflicted at the moment because mankind still lives under the delusion of scarcity. We still think as our prehistoric ancestors did. We imagine if a man loses his productive power, so much less is being produced; that if the breadwinner dies, there must necessarily be less bread for his dependents. As a matter of fact the reverse is the case. There is no lack, but a three million surplus, of producers.

That, however, is a digression. The point is that insecurity is totally unnecessary in this age of plenty and machine production. It is the result solely of the artificial restriction of purchasing power. Let the nation control credit, and it vanishes. Distribute the National Dividend, and the sick and unfortunate will no longer be made destitute as well, and grief-stricken homes will still remain homes.



## Making People Work

### The Futility of Unemployment Schemes.

NEARLY two columns of *The Times* of August 7th, were devoted to an article entitled "A Paradox of Progress," describing the Phipson Plan, from the pen of Professor J. W. Scott.

Major Cecil B. Phipson was a citizen of Moy, Tyrone, and died in 1904 having given the world a plan for preventing unemployment. Phipson evidently had a horror of seeing men idle—and so has Professor Scott. "Two features in the present industrial situation," says the latter, "are the dearth of markets and the alarming numbers of idle men . . . the machines of a progressive age are rapidly displacing labour." Phipson considered that chronic unemployment was a miscarriage of the "natural economic order"—which apparently he did not define. But he would turn starving people into buyers in the markets for the want of which industry was fainting (even in 1904). But *how*? "He would do it by getting them back to the land—the only way to turn poor people into buyers is to let them work and give themselves resources."

That is the principle, and Professor Scott is trying to apply it in the Homecroft Experiment. He enlisted 10 unemployed men and put them on a piece of land equipped with cobbler's tools, cast-off clothing, a knitting machine, a small loom, a two-acre vegetable garden fully planted, a little wooden "market hall" for the exchange of the unemployed men's future products. Presumably they had dwelling accommodation too. The articles they could produce were not high-class, but such as they were, the men brought them to the "common pool" and each received, in exchange, "chits" issued by Professor Scott, "in exact proportion to the amount of work he did." We are not told that the equipment included an apparatus for measuring the exact amount of work done on each article, but doubtless there is such a thing.

### The Banking Monopoly Left Untouched.

With the chits which Professor Scott describes as "credits on themselves" the men went "abroad" to buy. By "abroad" is meant that they bought one another's goods from the common market, for Professor Scott says that these chits are not money. "If they were money they could do nothing for the unemployed," for the men would then follow their base inclinations and "at once spend the money in the town shops, and leave their own poor home-made articles on the shelves of the store" to be sold "against the shops, which," Professor Scott says, "I could never do." But if the 10-man colony were expanded to 1,000 or more, the tale might be different. It might: Professor Scott would follow in the footsteps of Hatry and Lord Kysant, who presumed, by virtually creating money, to encroach upon the monopoly of the banks.

No, these schemes will not do. The "unemployment problem", for the solution of which, scheme after scheme is put forward, can never be more effectively tackled than by the existing financial system. If society is aiming at nothing but the mere making of *work*, then things may as well be left as they are. As Major Douglas has said, "*considered as a means of making people work (an aim which is common both to the Capitalist and Socialist Party Politics) the existing financial system, as a system, is probably nearly perfect.*"

The problem is, in fact, insoluble so long as labour-saving appliances are permitted. Much better, then, to face the fact of unemployment and recognise it, not as a social evil, but as leisure made possible by the "social credit" of the community, who may be enabled to enjoy it by means of the National Dividend.

The number of male workers employed on the land ten years ago was 697,257; last year it was 625,400, and this year it is 604,000.

*The Times* gives a list of well-known persons, including Sir Austen Chamberlain and Sir Josiah Stamp, who are known to be devoted to cross-word puzzles, and asks, "Who can speak slightly of a pastime that counts devotees like these?"

Perhaps you would prefer not to reply until you have seen the rest of the list.

## Correspondence

To the Editor, SOCIAL CREDIT.

Sir,—SOCIAL CREDIT and its implications, clearly and readably expounded for two-pence a week, is what we have been waiting for long enough as ammunition to bring in converts. To have achieved this alone would have justified the existence of the Secretariat, and it may be hoped that those who will not believe the possibility of useful accomplishment without obvious display, will at least give it credit—if not thanks—for this great service.

May I urge all good Social Creditors to concentrate on furthering the circulation of their new organ, so admirably edited by your cheerful self?

Yours in rejoicing, L. E. H. Smith.

London, S.W.1. August 31.

To the Editor, SOCIAL CREDIT.

Sir,—I suggest that readers of SOCIAL CREDIT should send a copy to all public men mentioned in its columns. In this way the circulation of the paper will be extended, and, it is to be hoped, that in time, some of the recipients may come to realize the truths you support.

It may be suggested that for a number of people to do this, will result in overlapping and the same person receiving a number of copies. This does not matter, indeed it should have an important effect, for it will impress those to whom the paper is sent with the large number of people supporting the proposals of Major C. H. Douglas.

Yours, etc., M. Jacklin.

Earl's Court.

"Is Taxation Necessary?"

To the Editor, SOCIAL CREDIT.

Sir,—The way the world has accepted taxation as inevitable will someday be the joke it certainly is **not to-day**; but there is one museum piece you should have on record. "Banks and Banking," the Canadian Bankers' Association booklet, on which Major Douglas was examined at Ottawa in 1923, had the following remarkable passage: "If paper currency, printed and issued by Governments, was always accepted at its face value, there would be no need for taxation." Major Douglas described this in evidence as "A Daniel come to Judgment."

Yours, etc., W. W. B.

To the Editor, SOCIAL CREDIT.

Sir,—Economics is a subject I have never been able to understand, but I suspect that one reason why I cannot understand it is that orthodox economics rests upon moral assumptions which I could not possibly accept, if they were laid bare. The moral foundations of Communism and Fascism seem to me equally unacceptable, and their economic and monetary theories, if any, do not seem to me to differ very interestingly from the old theories. Furthermore, while I do not pretend that I understand Major Douglas's theory yet, I cannot see that his opponents are in a strong position, so long as they continue to support a system which simply does not work.

Yours sincerely, T. S. Eliot.

August 27th, 1934.

Mr. B. H. Vos, of 21, Fitzjohn Avenue, N.W.3, announces that he is hoping to form a Social Credit Study Group, and would be glad to hear from any readers, living in Hampstead, who would like to assist in this project.

### Try this on the Unemployed.

Messrs. Sanday and Co., Inc., in their review of the international wheat situation, suggest that consuming demand will move forward reluctantly "from the privileged position it has occupied in recent years."

### Golden Cruises.

The Dutch liner "Statendam", which reached New York on Saturday with gold to the value of \$1,000,000, was to bring the metal back to France when she sailed again on Tuesday, and the Cunard liner "Scythia," which arrived at New York on Monday with gold from this country, is to return the consignment without putting it ashore.—*The Times*.

## Social Credit and the Orthodox Economists

**W**HY do orthodox economists generally disagree with Douglas?

The answer is that they would not be "Orthodox" economists if they did not.

They have gained their reputation as experts under a system which Major Douglas claims to prove is ultimately unworkable. It is no slur on their integrity to say that they are human enough to distrust and oppose a theory which goes to prove they have been wrong.

Nevertheless, the fact remains that orthodox economists are upholding a system by which the welfare and happiness of humanity is made subservient to the rules of a game called "Sound Finance," which is so very unsound that when there is abundance it automatically operates in such a way as to engender poverty.

Plenty causes intense competition to sell; this in turn necessitates reducing costs to the uttermost, including wages. The sinister result is that the more goods there are, the lower are wages forced. Some wages are eliminated altogether by the introduction of labour-saving machinery.

Yet, according to "Sound Finance," there is no way of giving people money to spend except by what they earn. We shall in the near future smile at such notions of "soundness" just as to-day we smile at such quaint ideas as the flatness of the earth.

The mental processes of some economists are quite remarkable. The almost complete silence of the ordinary press until quite recently on the subject of Social Credit, was explained by one of them as being due to the fact that it "had not been taken seriously."

### The Press is a Little Late.

It has not usually been considered the province of journalists to sift the grain of seriousness from the chaff of frivolity, but simply to give news of what is going on in the world. Social Credit had been going on for nearly fifteen years before the press considered it worthy of mention, and numbered among its adherents, peers, politicians, scientists, engineers, church dignitaries, litterateurs, artists and artisans; in fact people in every section of society.

Generally journalists greatly appreciate anything out of which they can raise a laugh. If Social Credit was not to be taken seriously, consider what fun they might have had with some such headlines as the following:—

"Everybody to be Made a Millionaire Overnight."

"No More Work—Dividends For All!"

"The Douglas Credit Scheme—Can You Credit It?"

What fun the journalists poked at Aimee McPherson,

the Hot Gospeller, at Mr. Rawson and his "Prayer Shop" and a host of other originals, proving that it is not necessary for a subject to be taken seriously in order to be reported in the papers. Yet no mention was made of Social Credit. It was "not to be taken seriously,"—and it was not to be taken frivolously; in fact *it was not to be taken at all.*

Another reason given by an economist for his disagreement with Douglas, was that the latter's remedy was "altogether too big, . . . To increase incomes by seven or eight times would (in his opinion) be disastrous."

Social Credit does not, of course, propose immediately to increase incomes by seven or eight times, but to start with the issue of a modest dividend, which would steadily increase as trade revived and as production increased.

If having ordered a dinner at a restaurant, it proved to be much larger than we could eat, I do not think we should consider that a good reason for going without a dinner altogether.

### If there's Plenty of Money, Where Is It?

One of the most common orthodox objections to Social Credit is that Douglas is wrong in asserting that there is a lack of purchasing power.

If there is no such lack, it is difficult to explain the prevalence of the instalment system. Obviously nobody can buy furniture that has not been made or motor-cars which do not exist. The inference to be drawn, therefore, is that there are more things in existence than there is money to buy them. There must be millions of people to-day earning three pounds a week or less, and having to keep a family on it. It cannot be denied that *they* lack purchasing power, yet it is evident that the things they would buy if they had it are already in existence, ready to be bought, otherwise they could not be bought even by deferred payments.

The Social Credit case is that where there are goods or the capacity to produce goods, money can always be issued to buy them, and that it is much better to dispose of surpluses in human stomachs and on human backs than in the incinerator or the sea.

Many people are inclined to agree with this viewpoint, which has both humanity and common sense to recommend it, but still think there must be a snag in it somewhere or the experts would take it up.

I have suggested some of the reasons why they do not. But, after all, the main reason is probably this:— Those who have made name and fame by teaching the economics of scarcity, cannot be expected suddenly to begin teaching the new Economics of Plenty.

D. BEAMISH.

## Idleness—or Leisure?

**T**HERE are still many people who raise the objection to Social Credit that the regular payment of a National Dividend to all would result in idleness, and consequently in demoralisation.

The argument of these objectors, boiled down, amounts to the assertion that when men—meaning always, or course, *other* men!—are not compelled by economic circumstances to spend the whole of their time working for a living, they will spend it in useless pastimes and general dissipation.

An apt comment upon this argument may be found in an article on the wonders of the ancient civilisation of Knossos in the Children's Encyclopaedia:

"One of the most striking facts to be learned from Knossos is this—that as soon as the mind is delivered from the fear of starvation or war it turns to the creation of beautiful things."

There are, however, far more recent examples than that provided by Cretan artists and craftsmen of 4,500 years ago to prove the point that it is poverty, and not leisure which debases character.

The "News-Chronicle" of August 28 contains an article, "Holidays on the Dole," by E. G. Colliou, which is well worth reading. The writer describes a visit to a holiday camp for unemployed, where "good food (and plenty of it)" is available for a hundred and fifty men from the East End week by week. The men are apparently given practically

a free hand to do what they like with their time, and this is the result, according to Mr. Colliou:—

"The arts are everywhere displayed. A pianist is assisting at the rehearsal for the evening's concert. A sign-painter among the party has left in every direction unmistakable evidence of the camp's whereabouts. On the canvas round the store-tent another hand has traced a terrifying Loch Ness Monster that might credibly pass for one of Stella Benson's Chinese Dragons. A third artist passes his days sketching the countryside and making brilliant little caricatures of his fellow-campers. A fourth has surrounded his tent with shining stones from the river-bed, while two wooden boxes and two milk bottles, with the help of some whitewash, have been converted into a couple of realistic trench mortars to guard its entrance."

If such are the results of a fortnight's holiday with food and shelter, one can form some idea of the enormous releases of creative effort which might follow when the whole nation is freed permanently from the fear of poverty.

Mr. Colliou concludes: "Only when unemployment and poverty have been abolished will democracy have been followed to its logical end, and only then will society reap its full harvest."

Of course! Then support the Social Credit campaign for the abolition of poverty by means of a National Dividend!

G. L. W.

## Social Credit Secretariat

### Election of Executive.

**B**EFORE leaving England last December on his world tour, Major Douglas had decided that the time was opportune for the formation of a Social Credit Bureau or Secretariat which should not only act as a clearing house for the ever increasing correspondence with which he had to deal, but also be available as a co-ordinating body when the time came for action as opposed to mere propaganda. The present Secretariat was thus formed with the co-operation of some of those immediately available to undertake the work. With the advent of the programme of action put forward by Major Douglas and endorsed at the Buxton Conference on June 9 and 10, it became necessary for the Council of the Secretariat to act as an interim directing executive, to be replaced as soon as possible by an executive definitely approved by the Social Credit Movement as a whole. In undertaking the heavy duties which the Electoral Campaign will involve, it is essential that any Executive Council should have the confidence and active support of the Movement, and an early election will therefore be held, details of which will be announced in the forthcoming issue of SOCIAL CREDIT.

### The National Dividend Campaign.

1. A manual of Instructions for Electoral Campaign Workers, prepared for the Secretariat by an expert on canvassing, in collaboration with the Secretariat, will be issued this week. Each active group will receive one copy, further copies will be supplied at the price of 1s. 3d. each.

It is expected that the demand for these manuals will develop as the campaign proceeds, and that at the same time data for revision will become available with practical experience. Quotations will then be obtained for printing a revised edition at prices which should show a considerable reduction on the price quoted, which is below cost.

2. The Pledge Leaflet (Leaflet No. 1), which has been thoroughly revised, incorporating suggestions received from Groups as a result of the experimental canvass, has been submitted to a lay-out expert, and the approved design is now being printed. The present price is 4s. 6d. a thousand, carriage extra. Again a considerable reduction in price may be expected as the campaign develops and orders can be placed in larger quantities.

Leaflets and manuals of instructions may be ordered from the Editorial Office at 9, Regent Square, London, W.C.1.

3. Supplementary leaflets explaining what the National Dividend will do for different sections of the community are being prepared, and will be printed from time to time in SOCIAL CREDIT in a form suitable for reprinting as leaflets for distribution. Prices will be quoted as, and when, these leaflets appear.

W. L. BARDSLEY, Secretary,  
Social Credit Secretariat,  
8/9, Essex Street,  
London, W.C.2.

### Subscriptions and Circulation.

It is of the utmost importance that SOCIAL CREDIT should be made widely known among the general public. Local newsagents might be approached to stock and display the paper, but the surest way of increasing the circulation on a steady basis is by direct subscription. The rates of subscription are 2s. 6d. for three months, 5s. 0d. six months, and 10s. 0d. a year, all post free, both home and abroad. Remittances should be sent to the Manager, SOCIAL CREDIT, 9 Regent Square, London, W.C.1.

### Advertisements.

SOCIAL CREDIT will welcome suitable advertisements and rates will be quoted upon application to the Manager, SOCIAL CREDIT, 9 Regent Square, London, W.C.1. It is suggested that supporters should send in notices of their business and that readers should make a special point of dealing with such advertisers.

### ADVERTISEMENT RATES.

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## What to Read

The literature inspired by the idea of Social Credit throughout the world is voluminous. It is our aim eventually to give the readers of SOCIAL CREDIT news of all publications in support of the Movement.

The literature falls into three categories: there are first the works of Major Douglas himself; secondly, many journals, books and pamphlets devoted to specific propaganda of the Proposals of Major Douglas; and thirdly, the works of a number of thinkers who support the general Social Credit claims, but do not follow Major Douglas's analysis or proposals in every respect.

In the following short List of Recommended Literature, necessarily incomplete, we have followed the above simple classification, and have included only publications believed to be available in this country.

The following are the works of Major C. H. Douglas:—

#### BOOKS:

Economic Democracy	...	...	6s.	0d.
<i>This book, the original statement of the philosophy and proposals of Major Douglas, is temporarily out of print. It will be re-issued shortly at 3s. 6d.</i>				
Credit Power and Democracy	...	...	7s.	6d.
The Control and Distribution of Production	...	...	7s.	6d.
Social Credit (new edition)	...	...	3s.	6d.
<i>This book continues the philosophical background of the subject and includes the Draft Scheme for Scotland as an Appendix.</i>				
Warning Democracy	...	...	7s.	6d.
The Monopoly of Credit	...	...	3s.	6d.

#### PAMPHLETS:

Social Credit Principles	...	...	1d.
The Breakdown of the Employment System	...	...	1d.
These Present Discontents: The Labour Party and Social Credit	...	...	1s.

The following are books and pamphlets expounding and supporting the Proposals of Major C. H. Douglas from various points of view:—

Real Wealth and Financial Poverty, by W. Adams	...	...	6s.	0d.
Economic Nationalism, by Maurice Colbourne	...	...	5s.	0d.
<i>This book introduces the subject in easily assimilated form for readers of no previous knowledge of the subject.</i>				
The Douglas Manual, by Phillippe Mairat	...	...	5s.	0d.
<i>This is in the nature of a concordance of the works of Major Douglas, and is a most valuable book of reference.</i>				
The Deadlock in Finance, by A. E. Powell	...	...	5s.	0d.
Ordeal by Banking, by Allen Young	...	...	2s.	0d.
Social Credit in Summary, by Arthur Brenton	...	...	1d.	
The Key to World Politics, by Arthur Brenton	...	...	1d.	
Through Consumption to Prosperity, by Arthur Brenton	...	...	2d.	
The Veil of Finance, by Arthur Brenton	...	...	6d.	
Introduction to Social Credit, by M. Gordon Cumming	...	...	6d.	
Poverty Amidst Plenty, by C. F. J. Galloway	...	...	6d.	
The Nation's Credit, by C. G. M.	...	...	4d.	
An Outline of Social Credit, by H. M. M.	...	...	6d.	
The Abolition of Poverty: A Brief Explanation of the Proposals of Major C. H. Douglas, by R. S. J. Rands	...	...	4d.	
Outside Eldorado, by J. E. Tuke	...	...	3d.	

The following are books and pamphlets which support the general analysis and proposals of Major Douglas but are not devoted solely to the exposition of Douglas Social Credit:—

This Age of Plenty, by C. Marshall Hattersley	...	...	3s.	6d. and 6s.
<i>Perhaps the most popular exposition of the paradox of shortage amidst plenty. This book has done much to spread the conception of potential plenty held up by financial restriction.</i>				
The Flaw in the Price System, by P. W. Martin	...	...	4s.	6d.
The Limited Market, by P. W. Martin	...	...	4s.	6d.
Life and Money, by Eimar O'Duffy	...	...	5s.	0d.
The Coming of Community, by W. T. Symons	...	...	7s.	6d.

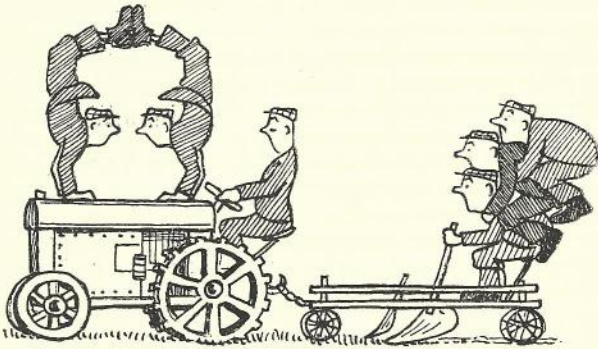
## PLOUGH THE FIELDS AND SCATTER

WE plough the fields and scatter the good seed on the land. Then we'd better pray that most of it won't come up so that prices may be maintained. If it does come up lordknows what we shall do with it.

A voice: "Why not eat it?"

There speaks a man with no sense of reality. He thinks the main purpose of food is to be eaten. Faults in the life breed errors in the brain. Clearly this fellow lives to eat. He goes on his selfish way through life without a thought for the price level. His stony heart is untouched by the sound of the broker crying for food to be destroyed. Let us ignore him, and discuss worthier matters.

I am concerned about farm labourers. There is a glut of these. The abundance of men is almost as serious a menace to civilisation as the abundance of wheat. We are faced with an enormous over-production of people and the time has come to consider how to adjust the supply of



Although mechanisation of agriculture is necessary—

people to effective demand. The abundance of farm labourers is as threatening as the abundance of farm produce.

The matter was brought to my notice by *The Times Trade and Engineering Supplement*. Thank you, *Times*. It says, "Unhappily it seems clear that only by the elimination of manual labour as far as possible can many activities of the farm be made profitable."

The key word here is "unhappily." All responsible citizens will share this grief. *The Times* weeps, as all good men must weep, at the thought that it may prove impossible to make man work when it is not necessary. It is faced with the fact that we may be forced to allow labour-saving machines to save labour, thereby rendering progress vain.

Let us be candid about this. At one time work was considered a curse. Adam, to judge by reports, considered it so, and this view was apparently shared by his Maker. Both appeared to regard unemployment as a blessing. (Genesis, 3, 14 to 24). Since then, however, more enlightened views have prevailed and we know that unemployment is a curse and that the main object of any civilised community to find work (*The Times* 25-8-34).

We need not spend too much time wondering how civilisation got to this point. All we need to realise is that the curse of Adam is now regarded by all morally responsible persons as a blessing for other people; that during recent generations sinister influences have been at work trying to lift the curse, and that it is the first duty of an enlightened society to put it back again.

The problem before us may be put simply: the economic situation demands that we remove men from work and at the same time put them back again. *The Times Supplement*, having pointed out that we cannot keep men on the land, goes on to say the Government must devise some scheme on settling the unemployed on the land. Unfortunately the article ends there. No doubt the writer had to go out to lunch. So we are left with the dilemma that mechanisation turns men off the land into unemployment, and the only way to cure unemployment is to put them on it.

Obviously the best thing would be to devise some way of enabling the men to be in two places at once, both on

and off the land. But up to the moment of going to Press no scientist has discovered a way of doing this.

We might have the unemployed half-way on the land and half-way off it, with one foot on each. But I doubt if it would be possible to make the unemployed keep their feet still. They might do it for a certain number of hours per day; but as we should not know whether to call those working-hours or non-working hours, we could not put the scheme down on paper and make it into a Bill. The subject bristles with difficulties.

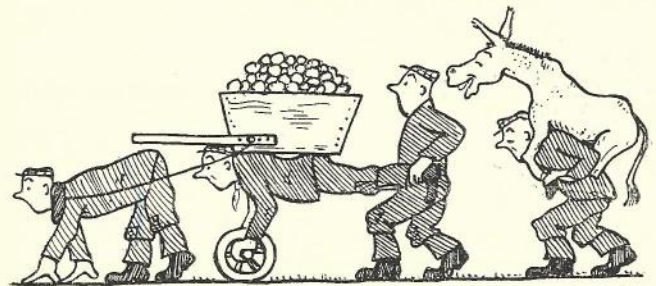
While it is true that, although we cannot have the unemployed in two places at once, it is at least within the bounds of scientific possibility to have them in neither. Inspired by the enterprising example of certain cotton-growers who, when cotton got so cheap that too many people could buy it, ploughed a lot of their plantations into the land, it has been suggested that the unemployed might be ploughed into the land.

Generally speaking, of course, this is, on sound economic principles, the proper thing to do when any crop exceeds the necessary bounds of scarcity. But in the case of the worker crop, there are objections.

The objection to this is that, as experiments amongst certain primitive communities have proved, people make very effective manure, and that would produce an even more deplorable abundance of food.

The essential difficulty is that mechanisation alone is profitable. This means that as soon as we put the unemployed on the land, mechanisation puts them off again.

One suggestion is that to make the process simpler, the unemployed might be sent travelling permanently round the country from one field to another, in lorries, without getting off. There is a moral objection to this. The habits of the people are such that they might regard their transportation in the light of a beano. Someone in the front of each lorry would play a cornet, the rest would sing, and the result would be that unemployment would no longer be regarded as a curse.



—we might still find occupation for the Unemployed.

Finally, there is the time-honoured expedient of setting the people to dig holes and fill them up again. By this method the necessary number of fields would be devoted to mechanised agriculture and the remainder to the holes.

But here again, the same process would occur. As the hole-digging would have to be paid for out of taxation, it would have to be done in the cheapest way. So someone would invent a mechanical hole-digger, then a hole-filler would appear, and finally a combined hole-digger and filler. These would simply have to be used, to save public expense on the unemployment relief and balance the Budget. The result would be that the unemployed would be displaced by mechanisation and *The Times Supplement* would point out that, "Unhappily it seems clear that only by the elimination of manual labour can hole-digging be made profitable." And we should have a new category of people known as the unemployed unemployed."

There still remains, of course, the suggestion that the machines could be used for the work, and the unemployed made to run round the fields after them, or sit on top of them, whichever was best for their morals.

But the objection to this is that it might impede the working of the machines and make them less profitable to—to—well, whatever it is that things have to be profitable to. Gosh, I don't know what to think.