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CONTENTS

	PAGE		PAGE
Notes of the Week	13	Feeding the Multitude.—A sermon preached in St. Paul's Cathedral	21
Social Credit in Canada—White Paper on Social Credit published by the Legislative Assembly of Alberta	16	What to Read	21
They filled up their Papers	16	Silver Bullets—The New American Currency Scheme as an Economic Weapon	22
Is There Really a "Trade Recovery?"	17	A Statement of Social Credit	23
The Nature of Democracy—Major Douglas's Buxton Speech	18	A Welcome to Social Credit, by the Dean of Canterbury	23
A Social Creditor's Diary	20	Stop This Banker-Baiting	24

NOTES OF THE WEEK

The Definition of Democracy.

THE world events of each week demonstrate with increasing emphasis the fundamental political issue of our time, which is that between democracy and dictatorship: the increase, or the restriction of the freedom of the individual.

Democracy is at this moment losing ground, and the main reason for this is that it has not been defined. Its supporters do not know what they want; they only know what they do not want. Their attitude is therefore negative and defensive. Their propaganda is confined mainly to complaints against what is happening and appeals to an undefined force to stop it. They have no clear-cut alternative policy or ideology to put up against the anti-democratic forces, such as Fascism, who in their turn have definite creeds and programmes, however they may avoid specifying their final objective.

Elsewhere in this issue we publish the speech delivered by Major Douglas recently at Buxton in which he defined the nature of democracy, and his definition assumes historic importance by reason of the moment at which it is made.

His explanation of the manner in which democracy is being discredited should be carefully noted. The chaos which undoubtedly exists in the industrial countries is made to appear due to government interference. But what has actually happened is that Parliament, instead of confining itself to an administrative function—that is, instead of telling the technical expert (economist, financier, engineer, trader, etc.), what results it requires of him, itself attempts to dictate the way those results should be achieved. Inefficiency ensues, and the opinion is created that Parliament is a failure and that the only means to efficiency is a dictatorship.

But the real function of Parliament is not to act as experts but to tell experts to do what the people want them to do.

In thus drawing attention to the present confusion between the will of the people and the means of carrying it out, Major Douglas has put his finger on the cause of the decline of political democracy, and pointed the remedy, which is—that the people must vote only for what they want done, not for the way to do it; and the Government must carry out the people's will, not by trying to do it themselves, but by telling the experts to do it.

The Two Kinds of Tickets.

Apropos of a quotation from a speech by Major Douglas given on page 23, we may mention that twice recently, railway stations have run out of tickets for certain towns. Once at Victoria on the Southern Railway and again in New Zealand. Strangely enough as it will seem to those of you who have investigated the banking system, on neither occasion did the railway company turn intending travellers away from the train on the grounds that there were no tickets. On both occasions the companies actually issued emergency tickets made of paper.

Economic students will gather from this that the railway system is run on different principles from the banking system. A railway regards its tickets as the least important things it uses. It insists on issuing its tokens up to the amount of its real wealth, so that wherever there is a seat there will always be a ticket-claim on it.

When it runs out of tickets it does not shut up the station, burn the carriages, dismiss the railwaymen and let the engines rust. It prints more tickets.

No doubt it thinks that if it did not, the would-be passengers would make a riot. That is because the public knows more about railways than it knows about banks.

Who is the Dictator of Germany?

The newspaper headline:—"Dr. Schacht's New Post. Acting Economic Minister."—aroused little comment. Most people still labour under the notion that the ruling power in a modern State is its elected or self-elected administration.

Dr. Schacht is the President of the German State Bank. It will be the first really important historic step in international understanding when the people recognise in Dictators, Chancellors and Prime-Ministers alike nothing but the mouthpieces of the real rulers of their respective countries—namely, the controller of credit—in other words, the central banks.

The English Press laughed a few years ago when Mussolini appointed himself Minister of half-a-dozen State Departments. It is not so funny as the man who has for years dictated Germany's economic, and therefore most vital policy, "accepting a Post" under his own obedient servant.

Hitlerism will last as long as international finance wants it to. If it fails, it will fail for the same reason as it arose—namely, that Germany, like all other countries, is subject to a financial system which, by preventing the people of any country from purchasing their own production, brings them inevitably to despair and revolt.

"Solutions"—of What?

A scheme for alleviating unemployment has been suggested to Mussolini by the National Confederation of Fascist Industrial Syndicates, which, with a name like that, ought to be able to produce something pretty ripe.

The scheme includes the reduction of working hours, the abolition of overtime, and increase in the number of operatives to a machine. The last-named stamps the scheme as sound and up-to-date, the date being about the Ming Dynasty.

The Press calls these proposals: "Italian Solution." All such work-making schemes are called "solutions" and it is reasonable to ask, "Solutions of What?" We could understand better if we knew what, from the point of view of the average Dictator Cabinet Minister or expert economist, was the ultimate purpose of an economic system. Is it to provide goods and services, or is it to provide human labour? It cannot do both properly. The perfect machine is that one which employs as few men as possible; the most perfect economic "solution" is one which employs as many men as possible.

If a government's chief concern was to find work, it would make the invention of new labour-saving machines illegal. But it does not: even Mussolini does not forbid the machines, he merely puts redundant men on them. (One to press the lever, another to hold the oil-can, another to keep the flies off . . .). While *The Economist* complains "the fact that we still have 2¼ million unemployed is the measure of our failure to cope with the economic situation," a railway reorganises its workshops with a travelling-belt system, which reduces the time for an engine to pass through the shops from 30 days to 12 and displaces 400 men in one week. Unemployment is thus regarded both as failure and success. In the latter instance it is called "Rationalisation," meaning that it is rational. We can please both parties by calling it a rational economic failure.

It is clear that sooner or later society must make up its mind whether its economic objective is more work or more goods. So long as the only money people have is what they earn by work they cannot have either. Higher wages will increase unemployment by encouraging mechanisation, while lower wages will increase unemployment by reducing purchasing power. There are only two alter-

natives: we must either scrap most of our machinery and make further inventions a criminal offence, or else we must give people enough money to buy what they want irrespective of the work they do.

The real "Solution" is the National Dividend.

Why Not Change Its Name?

Mr. Roosevelt has estimated that by 1935 the U.S.A. National Debt will have risen to \$32,000,000,000. That sounds such a big figure and the American people will worry about it. Knowing no more about economics than their own economists they will think it means poverty. Then all they have to do is to change its name and call it an estimate of the nation's capital wealth. That is, in fact, what a National Debt is—an estimate, in terms of money, of part of a nation's capital wealth. It consists of loans which have been raised on the nation's credit, that is to say, on the credit of the nation's real wealth. There is not, and never has been in the whole history of national debts, the slightest reason why the money thus raised should be regarded as a debt, except the irrational reason that it is the custom to do so. The banks of each nation have been presented with the monopoly of credit issue and control and allowed to lend money to the nation on the security of the nation's own wealth.

If people could regard this matter realistically, instead of according to accepted financial conventions, they would realise that, what they call a National Debt is really a National Credit, and ought to be used to enrich the people instead of impoverishing them. Instead of calling it a debt, and paying interest to the banks on it out of taxation, which reduces the public income, the Government could call it a credit and pay it to the people as a dividend on their national capital wealth.

If this were done, however, it would be seen that the figure was much too small. The figures of the National Debt only represent a small part of the national assets—certain public works and services for which a government has budgetted. If all the nation's real capital assets were added, the figures of a National Debt would be found infinitesimally small by comparison.

So much the better for the population in receipt of the National Dividend.

But that is too good to be True.

It is not easy to convince people that the figures of a so-called National Debt actually represent national wealth and not poverty, and that the money could actually be put into their pockets instead of being taken out of them. There is a story in Sir William Beach Thomas's "The Yeoman's England," about a blind man who received his sight. Looking round on the earth for the first time and marvelling at it, he said, "Why don't people make a fuss about it?"

That, we would inform our readers, is how people will feel when they rid themselves of the stupid financial theories which blind their economic vision and realise for the first time how rich the nation really is.

The Gnat and the Camel.

In view of the amount of time Parliament has spent in discussing the Betting Bill, it may be asked why the Government should discourage betting while encouraging gambling in industrial shares.

This is easily explained. We have to keep up the pretence that industry can only be financed out of the "savings" which people invest in it, so as to detract attention from the fact that all money comes into existence as a debt.

Actually, horses and industry are much alike: both will go on running so long as you keep putting raw material into them, and raw material and human control is all they need for the purpose. But it is no use pretending that a horse cannot run unless people invest their savings in it; people know so much more about horses than they do about the financial system.

It may seem even stranger to wish to stop betting while permitting the banking system. Betting and company-promoting only ruin a few gamblers, while the banking system ruins whole nations. Moreover, betting, at worst, merely re-distributes the national income, while the payment of interest on bank loans cancels a lot of that income out of existence.

Admittedly, this looks like straining at a gnat and swallowing a camel. But it must be remembered that the Bill only deals with gambling, and the banking system is not a gamble; it is not even a game of chance. It is a dead cert. The banks always win and the people always lose. That lets them out.

More Sun-bathing.

The more dressy of the African natives are reported to be somewhat perturbed by the latest operations of a financial system which necessitates the ever-increasing export of textiles.

Japan's success in capturing the market in British colonies has resulted in Great Britain introducing a system of quotas in those colonies in order to limit the imports of Japanese goods. The natives, would no doubt have preferred to support British industry, but not even the love they bear the mother-country could over-balance the great difference in price between Japanese and British goods. Now the tariff debars them from cheap supplies, and as no action has been taken to increase their purchasing power, they are reducing the extent of their wardrobes. It is stated that many of them are reverting for economic reasons to the bead-and-smile fashions that prevailed before they saw the light of civilisation.

As we cannot increase their purchasing power to meet the requirements of Imperial etiquette, it is suggested that at least we may "restrict supplies to meet demand."

There is, of course, an excellent precedent for this. We recall the "Moral Pocket-handkerchiefs" supplied to the natives of Africa by the pious disciples of Mr. Stiggins in "Pickwick Papers." We think the British cotton industry might run to a pocket-handkerchief, even if it cannot (without unbalancing the Budget) manage a pocket. The articles described by Dickens bore a moral printed on them for the edification of their users. The moral applicable to this case leaps to the mind at once: "We depend for our existence upon our export trade."

What Lancashire thinks to-day, let Africa read to-morrow.

A Prophecy.

"The Queen shall reign for sixty years. After her shall come a great reign, and the King shall be a peacemaker. Then shall come a stormy reign, full of wars and trouble, and then shall come the greatest reign the world shall ever know, and the king's name shall be David."

This was the prophecy of a Scottish nurse in Queen Victoria's early years, quoted in a recent letter to "The Times." David is the name by which the Prince of Wales is known in his more intimate circles and an additional interest in the prophecy lies in the fact that for many years astrologers have been making the same assertion about the next reign.

Of course, if you don't believe in such things, don't take any notice. Just get on with the campaign for the National Dividend.

A Scandal.

The actuary of the Ancient Order of Foresters has complained that "the future is not without anxiety owing to the reductions taking place in rates of mortality and of interest and the increase that is taking place in the cost of sickness."

This is a scandal. People who insist on living longer than they used to, and running up doctor's bills instead of dying, are a menace to the financial stability of the nation. But in the absence of any modification and the laws concerning homicide, nothing can be done about it. We must leave such people to their own consciences, if they have any.

Cowrie Shells or Bananas?

On another page we publish a commentary upon the American movement towards bi-metallism which has its following in this country.

This is a perfect example of the unrealistic outlook of the financial mind, which places the emphasis of importance not upon real wealth—the food, clothing and other goods which abound in sufficiency—but upon the valueless money-tokens whose only function is to distribute that wealth. Here commonsense will demonstrate that it does not matter what those tokens are made of, so long as they were generally accepted as money. Primitive men understood this and used things like cowrie-shells. If any South Sea islander had suggested that the cowrie shells were the most important and valuable things on the island, and that the supply of corn, cocoa-nuts, fish and bananas should be limited in accordance with the supply of cowrie shells he would have been regarded as mad and probably thrown to the sharks.

Yet that is precisely the attitude of the modern financier. To him, the cowrie-shell is more important than the fish or the cocoa-nuts. If the supply of shells ran short, then, though the trees bent beneath their weight of fruit, he would say we must have no bananas.

That is the kind of mind which controls our economic system and dictates our rulers' policy. They fail completely at the job they are supposed to do—namely, provide the community with the means to purchase its own goods. They can do only one thing—and all their operations lead to this: they can intensify economic warfare between nations. This they do very effectively. The ingenuity with which the financiers of the various nations wangle their currencies in order to get advantage over each other in the ever-decreasing markets of the world is remarkable. It frequently amounts to genius. It displays a cunning and intelligence unsurpassed by any criminal organisation known to the police. Unfortunately, however, it so happens that the object of an economic system is not to depopulate the world. The object of an economic system is to provide human beings with goods and services—a simple fact which financiers have not yet grasped. They have not yet reached the level of economic wisdom attained by the Fiji islander, who knew that the purpose of currency is to facilitate, not to impede, the process of distribution. We do not yet know whether it will prove possible to make them see this, or whether an enlightened society will have to remove the money-monopolists gently but firmly from their positions of influence, and put them in a corner to play by themselves.

Social Credit in Canada

Alberta Takes the Lead.

A WHITE paper, printed by order of the Legislative Assembly of Alberta, 1934, under the title "The Douglas System of Social Credit," contains evidence taken by the Agricultural Committee of the Alberta Legislature.

A full statement of the evidence and cross examination of five witnesses, including Professor Elliott of the Department of Economics, University of Alberta, is preceded by the report of the Committee to the House, which is printed in full below:—

"Your Committee has held several sessions and heard the evidence of Messrs. William Aberhart, Herbert C. Boyd and Larkham Collins.

"Major C. H. Douglas, originator of the Douglas system of Social Credit, addressed a committee in support of his scheme on Friday, April 6th, and followed with a question and answer conference in the afternoon, which was further continued on Tuesday, the 10th instant.

"Your Committee is of the opinion that while the evidence given disclosed the weaknesses of the present system and the necessity for controlled Social Credit, it did not offer any practicable plan for adoption in Alberta under the existing constitutional condition.

"Major Douglas recognised this and urged that a thorough study be made, first, to arrive at a definite objective, and second, to get a clear idea of the obstacles to be overcome and the limitations to be removed in order to clear the way and the best method of procedure to secure results.

"The evidence given has been carefully taken down and it contains much interesting information.

"Your Committee begs to recommend that this evidence be printed and made available for distribution as a valuable factor for the information of the public on the subject of Social Credit."

An Historic Precedent.

To this committee belongs the distinction of being the first parliamentary committee in the world to give, with full responsibility, and after thorough consideration, emphatic endorsement of the principles of Social Credit.

Undeterred by the absence of a specific plan for Alberta, or by the possibility of constitutional obstacles to the adoption of any plan by a single province of the Dominion of Canada, this committee has, with business-like brevity, gone straight to the point. The present system is weak, it says, Social Credit is a necessity, what is the next step? The answer is given without hesitation: procedure to secure results.

Two of the answers made by Major Douglas under cross examination are set out below to indicate the urgency of the need for transforming the educational activities of Social Credit into a concerted drive to secure its adoption.

They Filled up their Papers.

A sane, Social Credit Government will be anxious for its citizens to increase their purchasing power, so that they can buy what they need out of the abundance that is ready for them.

Therefore the National Dividend will be easy to obtain; it will arrive automatically, without unnecessary red tape.

Under the present financial system, a Government grudges the payment of even the most meagre money income to its citizens who need it. Therefore a pension is not easy to obtain, and involves much difficult and complicated answering of questions that are none too clear.

How difficult it is to obtain a pension may be seen from the following extracts from letters received by the Pensions Committee:—

We have received Yours truly, I am his grand-mother and grandfather he was born and brought up in answer to yours.

You have changed my little boy into a girl, will it make any difference?

I am glad to say my husband reported missing is now killed.

My Bill, who has been put in charge of a spittoon, will I get more pay?

Q. "Is there any way to stop the erratic retreat in living standards except by changing our present method of distribution of goods and services created?"

A. "Yes, and it constitutes the greatest danger with which the world is faced at the present time. There is no difficulty whatever in providing the world with a rationing system if you establish everywhere a complete dictatorship, leaving all powers in the hands of the dictator. Unless steps are taken within a comparatively short time to readjust the financial system so that it will work, the financial system as we know it will be swept away and we shall all be faced everywhere with some form of dictatorship, either Fascist or what is called Communist which is, I think, in the strict sense, not Communist at all but another form of dictatorship. It is possible to deal with the material basis of the present problem; it is possible to provide for the general public a higher standard of living, through the agencies of a dictatorship, but that involves a surrender of all those things for which the Anglo-Saxon race has fought for a thousand years."

Crime Due to Financial System.

"There is no question that at the present time practically 90 per cent. of the crime in the world is directly due to the financial system. An entirely unbiased report which is just issued has said that it is. There is no doubt whatever that the perfectly easily understood economic urge towards war comes primarily from the working of the financial system at the present time because of this necessity for finding overseas markets in order to provide purchasing power from those overseas markets. There is practically no room for discussion that the next war will almost inevitably destroy what we know as civilization. There is very little doubt that the next war is only two or three years ahead unless something drastic is done to prevent it. All the present poverty, all the present mental distress in business and the suicides, the raising of the suicide curve, the "C₃" population that we are producing in the slums and in the other unsatisfactory portions of the world are due directly to the financial system and if you look at this sort of thing really, are you going to say, "Oh, no, we must not change the British North America Act." If you will not look at the thing from that point of view you will simply find yourselves involved in the logical consequences of the financial system as it exists at the present time. The only question is, what can you do to change that financial system, and if you have a written law which prevents you changing it and you are going to be strictly law-abiding—that is the logical consequence of saying you are going to do it constitutionally—then you have nothing else to do except to change those laws and I do not believe it is possible without an absolutely united drive from all sections of the population."

In accordance with instructions received on Ring paper I have given birth to twins in the enclosed envelope.

I shall bring you round my son so that you can see he is a real one, though I am not his mother.

And while in the Solent my husband found a submarine after which he has never been the same since.

I want the congratulation money on the death of my husband.

Sir, I am forwarding my marriage certificate and my two children one of them is a mistake as you will see.

I am writing to tell you that my son was born two years old, when shall I get the money.

Dear Sir, I have been in bed three weeks with Dr. Brown and don't feel any better. Can I try Dr. Smith?

* * * * *

It may be argued against Social Credit that the ease with which the National Dividend will be obtained will deprive us of such human documents. But no doubt the increase of leisure under a Social Credit régime will provide other and greater opportunities for literary expression, which will be spontaneous rather than compulsory and will cover a happier range of subjects.

Is There Really a "Trade Recovery"?

Financial Improvement does not mean Prosperity.

By W. TRAVERS SYMONS.

ADVOCATES of Social Credit are often met with the question, "How can you say that the financial system is destroying us, when the newspapers and politicians are all saying that recovery has begun?"

What is this "recovery?" Does it disprove our theory as to the urgent necessity for reform of the financial system?

The so-called "improvement" of trade is, as a matter of fact, mainly an artificial one, brought about by the creation of additional credits by the banks, which according to Mr. McKenna, amounted to an increase of £300,000,000 of purchasing power in the past two years. It is the purpose of this article to show that it is at best of a temporary nature and consists mainly of a mere juggling with financial figures and results in an increase of the debt outstanding against the public.

Its character may be fairly well judged by a remark in *The Times* when, in comment upon the figures of imports and exports for 1932, it stated with satisfaction that "an improvement had taken place" which was entirely due to reduction of imports, for there was no increase in exports.

A "Favourable" Trade Balance.

Now, this is an example of the purely artificial way in which orthodox economists estimate a nation's wealth. What it meant was that "the balance of trade" was a favourable one. Orthodox economists regard the balance of trade as being favourable when exports exceed imports. In other words, a nation is supposed to benefit when the value of the goods and services it exports is greater than that of its imports; the idea being that the difference must consist of an increase in the nation's money income. In this case trade had actually declined; yet because the reduction of imports made the excess of exports over imports greater, *The Times* could actually suggest that the volume of trade must have increased. One could have no better example of the unreality of orthodox economic theories.

In 1933 there was more "improvement," for there was a further reduction in the value of imports, whilst exports remained practically stationary. Over the period just ended exports have actually increased 2 per cent.; but how much this indicates cause for congratulation may be seen by the fact that exports are still some £360,000,000 below the 1924 figures. There has been some recovery in the home market, as a result of the production of capital goods—general engineering, motor manufacturing and housing. But of so slight and transient a character has this been that *The Economist*, so far from regarding this as hopeful, pessimistically observes: "There is a world of difference between genuine recovery and making the best of a bad job," and publishes charts indicating the downward trend of business activities since May.

Even Mr. Runciman, who persistently tries to assure us that we are "turning the corner," admitted in Parliament on July 27th, that "there are signs that the home market is nearing saturation point" (the economist's way of saying that the public have not got enough purchasing power money to buy any more of the goods that are for sale).

No Genuine Increase of Purchasing Power.

There is, in fact, no doubt that the "improvement" has been largely accounted for by such activities as new housing schemes and the replacement of depleted stocks and equipment in the belief that we had "turned the corner." It was due to such things as these, rather than to any genuine increase of purchasing power; for these replacements only result in a new industrial debt which must be repaid by the consuming public.

The Economist attributes such improvement as there has been to three forms of activity—(1) New housing schemes; (2) Replacements of depleted stocks and equipment in the belief that we had "turned the corner" and (3) Armaments.

"Recovery" has, in fact, been mainly at the expense of the general standard of living of the population. Purchasing power in private hands has been persistently withdrawn, and only re-issued indirectly in the form of loans for production, which, as they have to be repaid, are in effect merely mortgages upon the national income.

How, then, are these reductions of income effected so as to give the illusion of recovery? The following are among many factors in producing the situation:—

(1) Real wages are lower, both nominally and by reason of the greater pressure put upon those at work. Speeding-up processes, deleterious to the health and future of the workers, accompany increased activity in certain industries.

(2) The worker produces more for his wages because of the greater productivity of new methods relative to manpower. Thus the increase in building was 20 per cent. within a recent period while the increase in building employment was only 10 per cent.

(3) The insurance companies have been able to make enormous capital out of the growing sense of insecurity amongst the people. It is an ironic commentary on the situation to observe this unparalleled prosperity of insurance companies is actually quoted as one of the signs of the nation's increasing stability. It is, in fact, a sign of the very reverse.

We may put this position in another way by saying that the word "Stability" as applied in connection with these purely financial, as opposed to genuine industrial, operations, may be interpreted as "an increasing fear of poverty amongst the public." The insurance companies are in fact the chief collecting arm of the financial system to-day.

It will be said that the insurance companies invest the funds in their hands, and pay dividends to their shareholders, which can be spent on consumable goods and so create more work and wages. On the first point it must be remembered that investment or re-investment for further production creates further debts.*

Financial "Stability"—not Real Stability.

On the second point it is obvious that the sense of security engendered by the possession of a paid-up policy is itself deceptive. For a significant moment has been reached when even the prosperity of the insurance companies is illusory. The huge figures mean nothing if productive enterprise breaks down. The directors of one of the great insurance groups—The Phoenix Assurance Company—were honest enough to give a hint in this direction by reducing their dividend distribution for 1933 on the grounds that "the decline in the yield obtainable on gilt-edged investments" required such "prudence."

Now, the meaning of that act is very important for our consideration since it is commonly assumed that reduction in the rate of interest on government indebtedness still indicates a rise in public estimation of the nation's credit. But with the immense contraction of profitable industry, a totally new situation has been brought about. In this new situation, the Government can lower the rate of interest on Government securities because the investor has no alternative affording any real security. Thus the purchasing power in the country is reduced as a result of this reduction of interest, over a still wider section of the population.

The mortgageable industrial assets of the community are already following the land into the banks' pawnshop, because assured markets for products have been diminished by the reduction of personal incomes. Thus home industry is passing into the dire position of agriculture: it has become unattractive from the financial viewpoint†. There can be no genuine recovery under a financial system so entirely divorced from economic reality.

*All money paid in by the policy-holder has already appeared somewhere in the costs of production, whether as wages, salary or taxation, for it must have been recovered by him either as wages, salary or dividend, and therefore formed overhead charges of some other concern. For this reason its re-investment by the Insurance Company results in a second cost being created before the first has been liquidated.

†This is the reason for the frequently-expressed desire in financial quarters for a renewal of foreign investment, which in the past has created a foreign market for British goods. But to-day there are hardly any credit-worthy borrowers, as some 40 nations have been obliged to default on their loans, which are in their nature unrepayable.

The NATURE of DEMOCRACY

Major Douglas's Buxton Speech*

I PROPOSE to sketch the personal impressions of my tour round the world from my arrival at Fremantle, the port of Perth (the capital of Western Australia), because what happened during the previous few weeks of my voyage is of no interest either to you or to me, whereas the subsequent impressions of the trip, taken as a whole, provide a background for what I shall have to say later on.

There is no doubt whatever that in Western Australia Social Credit is the only issue in politics for the next few years. As evidence of this, what occurred to me will, I think, occur to you as what might be described as a lightning flash—an incident that happened when I was to broadcast one morning. One of the troubles of broadcasting in Western Australia is that during the morning reception is seriously interfered with by a large mill at some distance from the capital which is run by electricity; although, in the ordinary way this does not matter, as most people only listen-in at night when the mill is not running. When the owners of the mill heard that I was to broadcast during the morning, they shut down the mill.

It may be said that South Australia was the most undeveloped in regard to Social Credit, but that is not to say that it is not alive. From there I went on to Melbourne, the Capital of Victoria, which is regarded rather as the cultural centre of Australia; Sydney, on the other hand, considers itself the "live" centre. Although we had a good meeting at Melbourne, the position in Victoria is similar to that in Great Britain—the idea is germinating. Sydney with a population of over a million, is a Social Credit city. I attended a luncheon meeting on the first morning of 900 people, and met most of the important persons in the city; and in the evening at the Stadium, Rushcutters Bay, I addressed a meeting about which you have probably heard *ad nauseam*; and whilst I have not received the exact figures, there were about 12,000 people inside and another 5,000 to 6,000 listening outside to amplifiers, and over a million on the radio.

In New Zealand—and you will realise the importance of this when you hear what I have to say later on—I was told that one in four of the adult population is a Social Creditor, and that is probably why they will not have a general election just now.

In Western Canada the position is most interesting and most encouraging. The situation is different from that in the Antipodes. In Australia and New Zealand the Social Credit Movement is proletarian—a farmers' and workers' movement. The Government and officialdom are violently antagonistic, driving hard against the tide; but in Western Canada, whilst there is a strong popular support, particularly in Alberta, there is almost equally strong official support and ineffective Press opposition. This may be ascribed largely to the antagonism of Western Canada to Ottawa. The evidence that I gave before the Government Committee of Enquiry at Edmonton was broadcast, but when I gave evidence at Ottawa before the Dominion Government that was not broadcast.

From Ottawa I went to the U.S.A., and in Washington I think I can say that I saw most of the people that mattered. I broadcast both from Washington and New York, and on the second occasion it was what is known as a "coast to coast broadcast;" that means that the broadcast is relayed from all the local stations throughout the United States, and could therefore be heard by something like 90 million people, including many listeners in Central and South America.

II

THE ORGANISED ATTACK ON DEMOCRACY.

The Social Credit Movement has three aspects which are quite distinct and require different treatment. The first is persuasive, the second is educative, the third is militant. The first assumes a large body of uninstructed individuals having certain desires, of which, for our purposes, economic

security and abundance are primary, and our persuasive activity is in the nature of explaining that these desires have a realistic basis and can be satisfied. It should be predominantly a description of the results of a Social Credit policy as compared with the present. The second aspect is more precisely technical and is properly addressed to a much smaller audience, and has to do with the technical means for embodying the desires of the majority, when satisfied that this is physically possible. The third aspect assumes the existence of a powerful resistance to change, a resistance which, while relying for its effectiveness on the uninstructed or the misinstructed majority, rests ultimately on a conscious desire to preserve certain unjustifiable privileges at the expense of the general population.

We have now sufficient troops who want to be led. I think it can be said in regard to the persuasive and educative aspect that we have not made big mistakes; in fact, our progress has been phenomenal. Nowadays much of our propaganda is being done for us by the references, which cannot be kept out of the Press, to the existence of abundance in all directions.

The Mechanism of Reform Exists in Parliament.

To carry out any big operations, such as the realisation of Social Credit, a mechanism is necessary, and our choice lies between using the existing mechanism or inventing a new one. I think that it is true to say, that for any practical policy, at least the embryo of a suitable mechanism exists, even though it may be in a distorted form, and to suppose that you can invent an entirely new mechanism in the face of custom and habit and use it for introducing a new system of society is just plain, bald nonsense.

It has frequently been alleged of the Social Credit Movement that it mixes politics with economics. If the foregoing phases of the Movement be accepted as legitimate, such a combination is necessary and inevitable. **No fundamental changes in mechanism can become a part of the daily routine of this or any other country except with the aid, passive or active, of the sanctions of government ultimately residing in the armed forces of the Crown.**

The theory of the British Constitution, which is a democracy, is that the armed forces of the Crown exist to ensure that the will of the people should prevail. Note the use of the word "will," which does not mean "intelligence." No conventions or laws can stand up for any length of time against the will of the people, and anybody who is acquainted with the theory of international law will know what I mean when I refer to the "right of eminent domain," which is simply that if any law or convention is operating in defiance of the will of the people it will inevitably be modified.

During the trip round the world which I have just completed I was able to obtain what may be called a bird's-eye view of world events. It is possible, of course, that I may be mistaken, but I do not think I am. What I found was that all over the world there is an organised campaign in progress to discredit democracy, and when I say "organised" it does not necessarily mean that it emanates from some particular source. The method used in this campaign is to point to the chaos which, as we know, is unquestionably due to finance, and to start by substituting for democracy a form of administration either under the name of Communism, Fascism, or a National Recovery Administration, or rationalisation and planned economy, all of which are fundamentally similar, in that they aim at thwarting the public will.

The form that any of these methods takes is the employment of a number of second-rate experts who proceed to tell a number of first-rate experts how to run their business, with the inevitable result that the second lot of experts eventually refuse to co-operate.

The allegation then is that democracy is ineffective and that the interference of governments in business is the cause of the present breakdown of business. The remedy put forward at this point is a dictatorship.

*Speech delivered by Major C. H. Douglas on June 9th, to the National Social Credit Conference at Buxton.

The drive behind the desire to substitute various forms of dictatorship for the democratic machine is the desire to employ the forces of the State to impose the policy of international finance and trustified industry upon the general population.

III.

WHY DEMOCRACY HAS FAILED SO FAR.

In order to understand the unquestionable failure of present democracy it is necessary to understand its nature, what it can do from its nature, and what it cannot do. The literal meaning of the word is, of course, "rule by the people," but I should prefer to call it rule by the will of the people. It is not rule by the majority, an important distinction. The idea of party government is comparatively modern, probably not ante-dating the Wars of the Roses, and contains in itself a subtle perversion of the democratic idea.

Now "the people" is a collective term which, in order to make its nature clearer, may be translated as "the mob." I am not substituting what may appear to be a derogatory word for one which appears to be more respectable, with a view of expressing contempt for the population considered collectively, but because a good deal of attention has been devoted to the psychology of mobs, and the conclusions, where they are sound, are obviously applicable to democracy. The outstanding feature of a mob is that it does not reason, or certainly does not reason effectively. Its conclusions as based upon reason can be stated, with confidence, to be almost invariably wrong. A mob feels, it does not think, and consequently by whatever mechanism we represent a mob we can represent only a desire, not a technique. It is, of course, possible to contend that the desires of a mob are always or frequently wrong. That is blasphemy based on the theory of original sin, which is evident in the world to-day in various forms which can be largely included in the word "Puritanism."

I do not believe in original sin. It is, however, quite certain that desire, emotion or feeling, however you wish to phrase it, is plastic and possesses from its nature a strong desire to clothe itself in forms, so that if a mob shouts: "We want food and shelter" it is easy to get it to translate that into a cry: "We want work," which is, of course, not at all the same thing.

How Elections are rendered futile.

Now in this country we have evolved a mechanism of election which is alleged to be for the purpose of making the will of the mob evident. But the most cursory examination of the slogans on which elections are fought is sufficient to show that the machinery has been completely perverted. We elect Parliamentary representatives at the present time to pass laws of a highly technical nature, not to ensure that certain results are achieved. As a result of this, not merely in this country but everywhere in the world, so far as my observation takes me, we are witnessing a set of second-rate experts in the seats of governments ineffectively endeavouring to give technical directions to a set of first-rate experts who are actually carrying on the functions by which society lives.

Perhaps the most outstanding and possibly the final instance under an alleged democracy, of this process can be witnessed at Washington at the present time, where may be found previously unemployed individuals expressly appointed and busy generally for fourteen to sixteen hours a day, in enquiring into how each separate trade and industry in the United States is run, and instructing the directors of businesses in that trade how to do it some other way from that which up till now proved successful. This is not quite so true in regard to finance as it is in regard to other businesses, but it is beginning to be true also in regard to finance.

IV.

THE TRUE FUNCTION OF PARLIAMENT.

Now I have no doubt whatever that the select group of international financiers who desire to rivet the rule of finance upon the world are observing this process with complete satisfaction, and they are using the situation which they themselves have brought about, and with which

governments are ineffectively meddling, to support the idea that the whole cause of the trouble is the meddling in business of governments and government officials who do not understand business. They are using this argument most effectively as an argument for sweeping away that control over their own destinies which peoples, or, if you prefer it, mobs were in process of attaining through the centuries, and substituting a dictatorship which will enthroned an international oligarchy permanently. I have no doubt also that this is the vital problem which concerns all peoples of the world at this moment. To put it another way, while nothing but Social Credit will provide a mechanism, nothing but the rehabilitation of democracy in a genuine sense, and with an understanding of its limits, will enable Social Credit to become an actual fact.

There is a key-word which forms the solution of this, perhaps the greatest of all problems which confronts the world at the present time. That word is "responsibility." We have got to make individuals bear the consequences of their actions.

To insist on results, not decide on technique.

Instead of electing representatives to inform bankers and industrialists (who understand the technique of their jobs perfectly) how to do them, and to pass a multitude of laws which, (while providing unnecessary jobs for large numbers of people who could be better employed) still further impede industry, the business of democracy is to elect representatives who will insist upon results, and will, if necessary, pillory the actual individuals who are responsible either for the attainment of results or their non-attainment. It is not a bit of use asking democracies to decide upon matters of technique, and it is quite certain, as has already been demonstrated, that if you throw a plan to a democracy it will be torn to shreds.

It is not the business of the Parliamentary machine to reform, for instance, the financial system. It is the business of the Parliamentary machine to transmit the desires of the people for results (which at present the financial system is not producing) out of the financial system, and to transmit to the people the names of individuals who are responsible for the financial system, so that, by the exercise of the right of Eminent Domain, which has been established as vested in the representatives of the people, they may, if necessary, take steps to remove those responsible for impeding the will of the people. If it is pleaded in extenuation, that those in charge of any particular function of the State, such as finance, do not know how to produce the results desired, then it is the business of Parliament to provide them with all the advice available, but if they will neither take action within a reasonable period of time, and will not accept advice if provided, then it is the business of the representatives of the people to remove them, whether they are alleged to be operating under a system of private enterprise or as public departments.

V

TO MAKE THE PEOPLE'S WILL EFFECTIVE.

The application of these principles to the policy of the Social Credit Movement is, I think, clear enough, and follows much along the lines of the three aspects of the Movement that I have previously discussed, and does, in fact, correspond not unsatisfactorily with the activities of the Movement up to the present time. One section of the Movement, the largest, has been charged with the task of purifying the desires of the general population, by which I mean the integration of popular will to a united objective without specification of mechanism. One of the most effective methods is by explaining what would be the result of Social Credit as compared with those we know to arise out of the present system. I think that most admirable work has been done along these lines.

In another, necessarily smaller, section of the Movement those of us who are sufficiently fortunately placed to devote a large portion of our attention to the matter may legitimately qualify to be experts on mechanism.

From now on, however, I believe that the most immediately important aspect of the matter is the formulation of definite methods for bringing Parliament itself, and consequently the forces of the Crown, which Parliament controls, under popular control in regard to objectives—I would again repeat—and not in regard to mechanics. This

amounts to bringing pressure to bear upon the individual member of Parliament, and he is interested only in two things: the first in keeping his job, and the second is in knowing how to much voting power is behind any demands made upon him.

The outline of a Campaign.

I think that in every part of the country where a Social Credit Group exists, or can be formed, an organisation should be set up at once for the systematic presentation of the situation to every voter in the district. One by one the voters should be asked whether they are in favour of a larger personal income with absolute security, *via* the National Dividend; and sufficient information should be placed before them to show that that is possible. This is a job for the rank and file. The electors should then definitely be asked for a pledge to vote for no candidate who is not prepared to ask for that dividend. Every sitting member of Parliament should be notified at a suitable time of the number of individuals whose support has been

obtained, and should be asked whether he is prepared to proceed along certain lines which will be explained to him, and informed that he will not be supported unless he is. If any sitting member of Parliament is not willing to give such an assurance, a new candidate should be nominated.

Although this policy has been sketched only in outline, I am fully conscious of the magnitude of the task that I am laying upon you. You will be advised in tactics by the Secretariat from time to time. To say, however, that it is a matter of life and death is to understate the case. If civilisation, not merely for this generation but for many generations to come, is to be saved for a tolerable existence, it requires primarily a tremendous amount of collective will, such as perhaps the world has never seen in peace time, although it is not unknown in times of war. If this collective will can be mobilised in times of so-called peace as it has been mobilised in times of war, nothing can resist it. If it cannot, then we have indeed lost the peace, whatever we did with the war.

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A Social Creditor's Diary

“THE BRITANNIA,” otherwise Cunarder 534, was specially designed to win back the blue riband of the Atlantic for Great Britain. A month before the vessel is ready to crack a bottle of champagne, there is already a doubt whether it may not be out-classed by the French “Normandie,” now nearing completion at St. Nazaire. If Sir Archibald Hurd’s warnings prove groundless, and the British vessel turns out to be slightly superior, no doubt the pack of noble lords, half-pay admirals and superannuated Test Match commentators kennelled in Fleet Street will be let loose to start the community singing “Rule Britannia.” Not a single newspaper, unless I am a false prophet, will question the almost universal assumption that the liners of Britain must of necessity compete against those of France, Germany, Italy and the U.S.A., for a limited amount of ocean traffic rigidly fixed by Nature. Yet that assumption is a superstition credible only by people to whom it has never occurred that productive power and purchasing power can and ought to be balanced.

The most advanced Liberal organ of the University graduates of New York, edited by the ardent Mr. Oswald Garrison Villard, is all of a sweat for the comfort of mankind. “With 16,000,000 persons on relief,” it bellows, “and nearly 11,000,000 unemployed, the need for birth control is overwhelming.”

University graduates may not need the reasoning telescoped into that statement to be elucidated. For the less cultivated, the steps have fortunately been set out by Mr. Harold Cox: “When a child is born there is another mouth to be fed and another body to be covered.” So far so good. Alas, for “over-production,” another pair of productive hands has also appeared, and there are too many producers already.

On the other side you can say that even the pneumatic drill loses an audience. Birth controllers are not aesthetes.

A month or two ago, as I learn not from an English but from an American newspaper, the Earl of Tankerville, “a British nobleman deeply concerned with the present state of the civilised world, delivered a speech at the Grand Hotel, Stockholm, on ‘Poverty amidst Plenty, the most distressing paradox of our times.’” If the Earl of Tankerville had clouted a film-star’s head or merely thrown a blanc-mange at the waiter, he would have been front page in every English newspaper.

The disclosure just made by Sir Christopher Bullock, Permanent Secretary to the Air Ministry, that Mr. Handley Page’s slotted wing is used by 34 countries besides Britain, on both military and civil aircraft, has deeper implications than the obvious and revolting inference that Britain arms the nations its people may any day be called upon to fight.

Results cannot possibly accrue from talk of disarmament when the engines of peace are identical with the engines of war. To produce at all is to arm. If we want peace, therefore, we have to abolish not the means, since that is impossible, but the motive of war. In other words, instead of scanning the horizons for markets in which to dump our surplus production, provoking envy abroad if we succeed and rage at home if we fail, we must consume the equivalent of our total production. Consumption is the only sincere form of disarmament.

No evidence need be called to prove the rightness of Mussolini’s contention that the modern economic system could not hold together for a week without the help of the State. The question is what sort of help is best? The way of the Corporate State has been to cut down the standard of living at home and to organise producers for dumping their output abroad. That method is seen to be absurd by contemplating the results of its universal adoption. Here is a proposition as obviously true as Mussolini’s: Whereas all attempts to expand production fail without a corresponding expansion of the market, production never fails to expand if the market expands. The fact that Social Credit does propose, by regulating prices and augmenting consumers’ purchasing power, to expand the market, is its distinction from, and superiority over, the Corporate State.

President Roosevelt’s nationalisation of silver, on top of his nationalisation of gold, recalls the man whose affairs, in spite of having carried a horse-shoe in his pocket for months, got worse and worse. Something, he said, has to be done. So he began to carry a horse’s tooth in the other pocket. Gold and silver, in fact, have no more, if as much, relationship to the right amount of money to distribute as horse-shoes and horse’s teeth to the debts and distresses of the poor mutt who carried them.

All that the nationalisation of silver can achieve is a flight of silver from primitive China where it had some use, to America, where it can have none. For the rest, the measure is a subsidy to American silver miners, and has nothing at all to do with financial reform.

A.N.

At a largely attended meeting of the Members of the Belfast Group, held on the 7th inst., the following Resolution, proposed by Mr. Gibson, and seconded by Mr. Northridge, was passed:—

That this Meeting of the Members of the Belfast Group of the Douglas Social Credit Movement receives the Proposal of the new National Social Credit Newspaper with the utmost enthusiasm, and that the Members pledge their most active support in its distribution.

The Feeding of the Multitude

The New Testament Story and its Modern Application.

THE following are notes of a sermon preached in St. Paul's Cathedral on Sunday, July 15th, by the Rev. William Britton, Vicar of St. Paul's, Cliftonville.

Taking as his text—"The multitude being very great and having nothing to eat," (St. Mark VIII., v.1.), Mr. Britton said:

The problem of feeding in the wilderness that great and hungry multitude that had now been following Jesus for three days appeared to the disciples to be perfectly insoluble, yet in the mind of the Master it was solved already. He himself knew what He would do.

He knew that the store of food was there, which, wonderfully multiplied by the power of God, would provide for all a full and complete meal. The major problem He Himself would solve wonderfully and bountifully. It remained for His disciples to solve not without His guidance, only the minor problem of distributing the good things which the lavish goodness of God had provided.

Is it fanciful to find an analogy between this incident and the situation existing in the world to-day?

The multitude is very great and very hungry. Who can deny that? All these last two weeks that patient, hungry multitude has been upon our minds and upon our hearts, making its appeal to our compassion as it did to the compassion of Jesus—the multitude of men who stand in the market place all day idle through no fault of their own but because no man hath hired them; the multitude of men whom possibly no man will ever hire, because so wonderfully have modern machinery and modern methods multiplied the productivity of men's labour that a fraction of the available working force can produce all that man needs.

On the other hand we think of the amazingly lavish provision God has made in our modern world for the needs of all men. We think of the almost incredible plenty that exists in the world to-day—the abundance, nay, the superabundance of all necessary things.

Far away in the Western Highlands I read in my paper of these pilgrimages for the hungry unemployed and read in the same paper that at Lerwick and Peterhead and other fishing ports they were throwing back into the sea the first fruits of the herring harvest because the German market was closed or because the catch would not realise the stipulated price per basket.

"The Valleys Stand Too Thick with Corn."

It is common knowledge that in the U.S.A., they have re-written the familiar line of the harvest hymn—"The valleys stand too thick with corn," paying vast sums of money in subsidies to farmers to let their farms go out of cultivation; that in Canada countless bushels of precious corn were used to stoke furnaces.

There seems something terrible in this waste of the surplus of the days of glut—not distributed, not gathered, seven baskets full, and stored—but flung back, as it were, into the face of the bountiful Giver. The multitude is very great and has nothing to eat, yet there is plenty to eat.

"It cannot be beyond the power of man," said His Majesty when opening the World Economic Conference, "so to use the vast resources of the World as to ensure the material progress of civilisation." No diminution of those resources has taken place. On the contrary, discovery, invention and organisation have multiplied their possibilities to such an extent that abundance of production has itself created new problems.

Unfortunately, the method at present favoured of solving this new problem of bitter need on the one hand and undistributed plenty on the other is by way of restricting production. Over-production, we are told, is our trouble; supply has outrun demand. But has it? Suppose you replace the word "demand" by the word "need," and you will see that it most certainly has not. There is a demand right enough for the good things that the goodness of God is providing in incredible abundance, but alas! it is not an effective demand. These people have no money, no purchasing power. They have nothing wherewith to buy.

As when the 4,000 were fed, God has solved for us the major problem, that of supply; the minor problem, that of distribution, still awaits solution.

"The Food is There, Give Ye Them To Eat."

Surely we may say that God has fully answered mankind's ceaseless prayer, "Give us this day our daily bread." And now He is saying to the governors, to the financiers, to the economists—"The food is there, give ye them to eat!"

This problem is so difficult—yet thoughts like these will occur to the ordinary common sense of the man in the street:—

That it ought to be possible to relate money to the commodities actually available for distribution instead of tying it up to the gold being dug in quite insufficient quantities from the ground, only to be buried therein again in the vaults of some bank:

That wages might be related to production and not to hours of labour, so that a man producing in four hours as much or more than he once produced in eight hours might receive the same wage for the short day that he formerly received for the longer:

That the master in the parable who paid the men who only worked one hour, because no man had hired them earlier in the day, a full and adequate day's wage, acted not only with generosity but with sound and divine good sense:

That the old adage "If a man will not work, by no means shall he eat," while sound enough in an age when all men's work barely sufficed to produce what the whole community needed, is no longer valid in an age like ours when the work of a few can produce all that the many need:

That in the obvious failure of the orthodox economics, new theories of credit and finance should be examined carefully on their merits.

But above all, we who must believe that this problem too is already solved in the mind of God, who Himself knows what He will do, must urgently pray that He will teach our age how to distribute fully and fairly to all the vast plenty that He has so graciously given.

For the peace of the world depends far more upon our finding a solution to this problem of distribution than upon any measures of disarmament or facts of non-aggression.

What to Read

A Short List of Recommended Literature.

Statement of Policy of the Social Credit Secretariat...	1d.
The Breakdown of the Employment System, by C. H. Douglas	1d.
Social Credit Principles, by C. H. Douglas	1d.
The Nation's Credit, by C. G. M.	4d.
The Abolition of Poverty. A Brief Explanation of the Proposals of Major C. H. Douglas, by R. S. J. Rands, B.A.	4d.
Poverty Amidst Plenty, by C. F. J. Galloway	6d.
An Outline of Social Credit, by H.M.M.	6d.
Introduction to Social Credit, by M. Gordon Cumming	6d.
<i>The above short pamphlets are necessarily incomplete but furnish a useful introduction to the subject.</i>	
These Present Discontents: The Labour Party and Social Credit, by C. H. Douglas	1/-
Social Credit, by C. H. Douglas	3/6
<i>This book contains the philosophical background of the subject and has as an appendix, the Draft Scheme for Scotland.</i>	
The Monopoly of Credit, by C. H. Douglas	3/6
*Economic Democracy, by C. H. Douglas	6/-
Credit Power and Democracy, by C. H. Douglas	7/6
Warning Democracy, by C. H. Douglas	7/6
The Douglas Manual, by Phillippe Mairat	5/-
Economic Nationalism, by Maurice Colbourne	5/-
Ordeal by Banking, by Allen Young	2/-

Orders for literature should be addressed to the Manager, SOCIAL CREDIT, 9, Regent Square, London W.C.1.

*Economic Democracy is temporarily out of print but fresh supplies will shortly be available.

Silver Bullets

Another Manoeuvre in the Economic War.

By DARAN.

THE United States, it is reported, has nationalised silver, and proposes to devalue the dollar further, and remonetise silver as part of the currency basis.

At the moment of writing, world repercussions to this movement have not become apparent; but it is immediately obvious that another disposition of force has been made in the strategy of economic warfare.

It may be, also, the fond hope of America that the revaluation of silver will create an inflationary boom; that it will be equivalent to the "discovery" of a new gold supply.

It is obvious that the present movement must be considered in conjunction with the recent proposals of Mr. J. F. Darling, a leading financier and director of one of the "Big Five" banks. It will be remembered that he propounded a plan for the "Economic Unity of the British Empire," in a small book bearing that title, which was supported by a number of pamphlets and a prolonged series of lectures in different parts of the British Empire.

The Plan provided for the remonetisation of silver within the British Empire, and the creation of an Imperial standard currency, called the Rex, to supersede the pound. The basis of the Rex was to be bimetallic, one part of standard gold to thirteen parts of silver, the value of the latter thus being fixed in relation to gold.

The consequences of this Plan were assumed to be of extreme importance. There would be, primarily, the creation of new purchasing-power within the Empire, based on the revalued silver, to the extent of at least two thousand millions sterling. The Imperial currency unit, by creating a free currency-flow, was assumed to create the real substance of Empire economic unity. By the assumed permanent weight of the new Imperial monetary system, it was expected that the European gold-standard countries would be forced, in self-defence, to adhere to the Imperial standard.

Another Economic Weapon.

Thus the first emphasis of this carefully-thought out plan was on the creation of an Imperial economic weapon. By the adherence of the gold bloc, the balance of power idea was frankly adopted to the requirements of finance. Thus for no purpose but the preservation of financial principles, which are visibly breaking down, and are obviously failing to have any but an impeding effect on trade, the British Empire is to engage in a ruthless economic war with the rest of the world.

Now, by an apparently disconnected operation, at least the first elements of the Plan have been adopted for the use of America, the strongest creditor nation and, in default of Empire unity, the most self-contained economic unit in the world. Silver bullets have therefore been added to the gold monopoly-blockade by an aggressive nation, and the

increase of economic tension is but a further step towards the coming crash.

Unless, indeed, the voice of wisdom is heard in time.

For consider the futility of such operations. Mr. Darling, after a lecture in a leading provincial city, was asked to reply to a question submitted by a Social Credit student. "Was it to be assumed," he was asked, "that Mr. Darling suggested that the creation of £2,000,000,000 of new purchasing-power by the revaluation of silver, would have a permanent effect upon the economy of the British Empire? Must he not agree that such a suggestion contradicted the known facts of the economic system, that new money can circulate only once; that having been used as purchasing-power the first time, it was returned to industry, and could be issued as purchasing-power again only when accompanied by a new cost?"

The Banker Did Not Understand.

Mr. Darling replied that he did not understand the question, whereupon it was wrapped up and re-presented by another Social Creditor, who said: "Did not Mr. Darling know that the efficiency of money, by the velocity of circulation, was a myth; that money circulated only as part of the cost of goods produced; that his new silver money would be only an inflationary device, which would be dissipated in one cycle of use as purchasing-power, and which moreover, could be done at least as well by printed notes?"

Mr. Darling again did not understand the question; obviously, the manifold duties of a busy financial life had made it impossible for him to acquire a knowledge of economic realities. It is equally obvious that American financial economists are also ignorant of the realities of their money-economy, beyond the futile struggle for international trade by the manipulation of tariff and currency weapons.

Such ignorance is symptomatic of a prejudice that has gained the sanctity of belief. The most elementary acquaintance with Social Credit principles, with financial-industrial accounting, emphasises the essential simplicity of the defects now wrecking the economic structure of society; defects which are, unfortunately, yet hidden from financial economists by a web of artificial and needless complexities. Currency-manipulations and gold and silver gunfire can be swept aside by the mathematical standard provided by Social Credit, which brings distribution and exchange under the control of the technician, which releases the potentially unlimited power of scientific production by adjusting purchasing power to it, and at last removes the futile causes of economic war.

In a scientific age, such proposals should be studied and accepted, in preference to the proven fallacies of an academic and artificial finance.

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. od. six months, and 10s. od. 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.

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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. This should produce not only increased business for the advertisers and pleasure to their customers, but a useful source of revenue to SOCIAL CREDIT.

It's a Great Big Shame.

"Diamond Trade Depression," announced the Press. "Government Relief for Kimberley." This will never do. We shall have to put our currency on a diamond standard, so as to buck the trade up a bit. Otherwise we shall have fought the South African war for nothing.

On August Bank Holiday Sir Walter Layton, the economist, relaxed so far as to tell the Liberal Summer School at Oxford that free trade was his ultimate objective.

He's getting on rapidly. By next August he'll be demanding the repeal of the Corn Laws.

STOP PRESS: Mafeking relieved.

"The financial system," said President Roosevelt, "stands indicted in the court of public opinion."

He said that over a year ago, but the sentence has not yet been carried out. On the contrary, the criminals appear to have constituted themselves judge, jury and gaoler.

The Social Credit Movement

SOcial Credit is a means of enabling the people of this country to purchase as much as they want of the goods and services which industry can produce.

There is no longer any problem of production. An industrial country like Great Britain can provide, directly or by exchange with other countries, sufficient goods and services to enable every member of the population to live in complete comfort and security.

The only difficulty which faces producers is to sell their goods at a price necessary to cover their costs. Production, which is the conversion of raw material into commodities, is limited only by man's ability to harness and apply energy by means of scientific mechanism. The advance in this ability has been so great that to-day it may be said that productive capacity is for all practical purposes unlimited.

The only economic problem of to-day is that of distribution—how we can purchase and use what we are producing. In other words, the one and only economic difficulty before modern society lies in the shortage of money in the hands of the people.

No Reason for the Money Shortage.

Money is only a ticket, which is practically costless; it is of no value in itself, and can be created by a stroke of the pen. There is no reason for a shortage of money except that the ignorance of the general public regarding the money system, and the complexity and mystery attaching to it, enables those financial interests who benefit by the shortage to maintain a system which keeps the total purchasing power of the nation permanently less than the prices of the goods that are for sale.

Social Credit provides a simple financial mechanism for bridging the gap between the total income of the nation

and the total prices of its production. It would provide a personal money income for every member of the population in addition to, and irrespective of, any money they may earn or otherwise receive.

An Independent Income for All.

This money income would be in the form of a National Dividend, the money for which would be created for that purpose, not raised by loans or taxation. This, which sounds difficult in view of the general belief in an inevitable limitation of money, is actually very simple and could be put into operation by order of the Government at any time by those who at present control the financial system and without any change of administration.

It could be issued as Credit based upon the capacity of the country to produce and deliver real wealth—*i.e.* the goods and services wanted by the people. Where there is real wealth, there is credit; and 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, the Government can always issue enough money to buy them.

Price-raising and other inflationary results would be prevented by a retail-price subsidy which would enable the consumer to receive a discount on all the purchases he makes, without financial loss to the producer, who would in fact increase his turnover.

It is not necessary for people to understand the technical methods involved. All they have to bear in mind is that abundance exists as a fact, that money is only a ticket which is practically costless, and that therefore there is no reason, other than vested interests, why there should not be enough money to distribute abundance.

Welcome to "Social Credit"

A message from THE VERY REVEREND

HEWLITT JOHNSON, D.D., B.Sc., DEAN OF CANTERBURY.

I WELCOME SOCIAL CREDIT and wish it Godspeed. The New Economics, in the name of which it speaks, brings hope to a despairing world, and sanity to a mad one. It claims support from all those who refuse to permit custom to blind them to the wicked absurdity of want in the face of mass destruction of commodities and the more deadly sabotage of the instruments which produce them.

We are in a parlous plight. Children lack food. Youths reach the middle twenties and never know the joy of work, denied even the means to provide for their own occupation. Character deteriorates. Hope dies. Faith in God perishes. Men rise in revolt and are forcibly suppressed.

And it is all so needless. Physically we are superabundantly rich; only financially are we poor. The potent machine stands by to relieve us of our burdens. Physicist, chemist and engineer introduce us to an age of plenty; God's gift to men who have sought faith with a single eye. Blindly, however, we fling the gift in the face of the Giver, clinging to our antiquated economics, and uttering the lie that man is made for finance and not finance for man.

In contrast to all this comes the new economics, with its clear, convincing light; with a morality which regards money as a means and not an end; and with a simplicity which puts money in its rightful place as a ticket set on the back of goods and delivered in equal quantities with them.

The new economics satisfies justice by restoring the Just Price, and by distributing, through a National Dividend, to the whole community the social increment which is its right. It leaves expert work in expert hands. It avoids a paralyzing centralization. It makes Democracy real and crowns, rather than dethrones, our institutions. It satisfies the better aspirations of Socialist, Liberal and Conservative. It is scientific, common-sense and humane. The study of its course through a dozen years leaves me more convinced than ever that religion has manifold grounds to welcome it.

Bank Tickets and Railway Tickets.

These little things we dignify with the name of pound notes, dollar bills, marks, francs, and so forth, and we hypnotise ourselves into believing they are something marvellous and have a great many mystical properties, and that they are the medium of exchange and the storehouse of value and all sorts of wonderful things, in books on money and economics.

They are none of these things at all. They are little bits of paper printed with ink. When you go into a railway station and you exchange a tin, and if it is clean, a crackly little bit of paper, for a thicker and not so neatly printed bit of paper, you call it buying a railway ticket with money. You are not. You are exchanging a bank ticket for a railway ticket, that is all.

It is in that power to issue bank tickets, these crackly little things which we have all become hypnotised about and which we regard as being so wonderful, that we will accept as a reasonable statement when we see thousands out of work and hundreds of machines idle and bad roads over a great deal of Alberta and many things of that kind, we say: "Oh yes, it is a pity, but we cannot do it because there is no money." In other words, there are not any bits of paper with ink on them.

(Major Douglas; Speech at Calgary.)

\$1,000,000 gold which was exported from France to the United States was returned before it was unloaded, owing to an alteration in the exchange rates.

"Nothing short of a complete reform of the monetary system can avert disaster and no other measures which may be taken can prove substitutes for it. As consistently any and every measure other than monetary reform is being tried and has been, and is, being proved insufficient and inadequate.—London Chamber of Commerce Annual Report.

STOP THIS BANKER-BAITING

THE baiting of bankers that goes on in this paper and elsewhere is to be deplored.

At a dinner given recently to Mr. Jackson Dodds, President of the Canadian Bankers' Association, the chairman said that in hard times the baiting of bankers was always popular. In the middle ages, he said, the money-lenders were stoned or burned.

Personally, I think that was going a bit too far, though some people hold the opinion that that was why the middle ages were called the good old days. To-day, the speaker said, "while the methods were less drastic to the individual banker, the sport was still widely popular." It is certainly less drastic; whereas we used to burn the money-lenders,



Putting the Goddess of Plenty in her place.

to-day we let them govern the country. This is an age of tolerance.

Sportsmen may have their views as to whether these forgotten sports of the past are worth reviving. Banker-burning was not perhaps so varied as cricket, though no doubt stoning them gave opportunities of body-line bowling which would be appreciated by sportsmen with overdrafts. I suppose every time you bowled a wide you had a bit more put on your income tax.

The speaker went on to say that in bad times and good, the banker played as essential a part in the life of even the humblest person as did the baker or the doctor. That is true enough. Without the banker we should be at the mercy of the baker; we should be able to buy all the tarts we wanted, and make ourselves ill. And when it comes to the perils of over-eating, the banker is even more important than the doctor. Prevention is better than cure.



A Harvest of careful finance.

Now, it is very ungrateful to blame the bankers for hard times. It is the bankers alone who save us from the perils of abundance. In these days of unlimited capacity, it is terrible to think what would happen to the nations if we stopped letting the banks have the monopoly of our national credit, so that whenever the government wants to spend any of its own money it has to pay it back with a little bit over.

If it wasn't for the bankers calling all money a debt, there might be as much money as there were goods for sale, and then what would happen? Everyone would have enough to eat, an awful thought. Our country would be the scene of wild orgies; the nation would depart from its customary habits of virtuous poverty and deliver itself up to the sins of fleshy indulgence. Give some people a chance, and they'll eat three meals a day.

For years a terrible abundance has loomed over the heads of the British people like a cloud, threatening to overwhelm them. All sorts of desperate means have been tried to dispel it—burning wheat, throwing fish back into the sea, pouring milk down drains, and so on. But these emergency methods never got at the heart of the evil. Nature and machinery conspired in a joint effort to force us from our chosen path of abstention, until you could hardly go out into the street to find a fag-end without stubbing your toe against a box of cigars you couldn't afford to buy.

It is only the bankers who have kept this frightful abundance at bay. And at last the enemy is getting discouraged. Abundance cannot continue to ignore this obstinate refusal to look at it. Machinery is falling to pieces through sheer discouragement, and the drought in the American wheat areas shows that even Nature sees it's no use. The Goddess of Plenty has at last been put in her place; she has been finally snubbed for her forward behaviour.



They will not lightly surrender the rights their fathers won.

As a reward for our refusal to take advantage of the prolific harvests of former years, we have, as Mr. Hore-Belisha so ably expressed it, "Reaped the harvest of careful finance," meaning that as a result of "the scientific adjustment of supply to demand," a large number of people have triumphantly gone without their dinner.

We must therefore cease these attempts to embarrass the bankers, lest at any moment someone starts adjusting the national purchasing power to its productive capacity, and you have to start buying all sort of things you haven't really room for, such as a carpet on the floor.

I rely on the honour of the British people to leave the bankers alone. The British people will not lightly surrender the rights their fathers won to go without what they want. If plenty persists in surrounding them they will starve in the middle of it and make it look a fool. They will not forsake the straight and narrow path of fish and chips and virtue, for the broad path that leadeth to destruction, joint, two veg. and afters.

As *The Times* said once, when it was demanding a dole-cut, "It is one thing to save people from destitution, it is quite another thing to tempt them into demoralisation."

The British people, I say, have higher aims than the satisfaction of their fleshy lusts. They have their Destiny; they have their Aspiration. Asked by our representative what its aspiration was, the British people replied that it was to beat the record hitherto held by Mrs. Popplefitch of Laburnam Crescent, Hamsgate, who lost 47 Pounds of Ugly Fat in a Fortnight.