

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

The difficult problem in evaluating British politicians is to decide whether they are incapable of thought, or merely never think. Mr. Walter Elliot, in the House of Commons shortly before the Adjournment for the Easter Recess, is reported to have said, "bitterly," "The Empire is abolished, and in its place, we shall be able to refer to ourselves as a member of an Association of Groups of Territories with a Common Quota in the International Monetary Fund."

Does it occur to Colonel Elliot that of all the organisations which have worked unremittingly for the downfall of the Heart of the Empire, now referred to as "Britain", that of which he is or was such an enthusiastic member, P.E.P., is one of the most poisonous?

Mr. Henry Wallace, the (millionaire) cahmon man, has lost no time in assuring us with what enthusiasm the . . . States is watching our splendid combination of Planning and Freedom. Mr. Wallace has designs on the Presidency, if not in 1948 in 1952; and he clearly feels that if Messrs. Attlee, Dalton, Strachey and Shinwell can be kept in power a few months longer, "Britain" will never again present a problem to Wall Street. In this, if in nothing else, we think he is right.

Yes, Clarence, practically everyone realises that a well-known chain store made millions out of selling Russian slave-produced goods in "Britain" before the war, and is now arranging to make billions out of selling British slave-produced goods to Russia, and that Political and Economic Planning was essential to the two-way scheme. But nobody does much about it.

Sir Stafford Cripps, Mr. Sidney Webb's nephew-in-law, says we are not sunk. He is not discouraged, however, and means to go on trying.

We have commented many times in these columns on the fallacy of the idea, sedulously propagated by the Leftist Forces, that intelligence was born with the French Revolution and that previously the population, of these islands in particular, was brutish, sodden, and dull, while its rulers were immoral, grasping, and incompetent.

One of the difficulties in coming to grips with propaganda of this description is that genuine history is four dimensional, but is always treated as two-dimensional—as if the subject of its chronicles were a line, not a solid with extension in time.

There is, however, one subject which can be pinned down in history with some approach to reality, that of money. And

there are few subjects which throw such a lurid light on the relative morality of the Middle Ages and that, say, of the present Financier-Socialist Government whose financial methods would have secured their decapitation under any Plantagenet King, as merely coin clipping on the largest possible scale. The reality of the present economic position is that, taking for a basis of calculation the usual man-power value of the horse-power, ten, there is probably (private plants included) 60,000 man-hours of mechanical energy per year per wage-and-salary earner, and about 20,000,000 wage and salary earners "working" a total of about 2250 man-hours each per year, or a grand total of 45,000,000,000 man hours devoted to economic business.

Such is the incredible inefficiency of the system as manipulated by Dr. Dalton that each person in the country is worse off than they were fifty years ago, and the unit of purchasing power reflects that fact.

As these lines are written the Chancellor is taking credit for having balanced the budget. By the simple process of robbing the population of more than half their earnings, and depreciating the value of the remainder so that each unit is only one fourth the value of its pre-war value, the fact that we have been working probably four days out of five, for people outside this country at a bare subsistence wage (since the Chancellor has taken the purchasing power relative to exports) which would not be tolerated for one day in the countries whose standard of living we are raising, is successfully presented as a major achievement. There have been many dishonest budgets; but nothing remotely approaching this.

Jews for Australia

"I will quote [from *The Star*] . . . in a condensed form . . .

"The first ships bringing immigrants into Australia have a passenger list of 3,900, of whom at least 2,600 are Jews from Austria, Poland and Germany. This notwithstanding the fact that Mr. Calwell, Minister of Immigration, has promised the Australian people that for every alien being admitted into Australia there would be 10 immigrants of British stock. According to the facts now available the figures have been reversed."

"Meanwhile further news has come through. The news of the rage of the Jewish welfare officer who exclaimed when photos had been taken of the newcomers: 'Fools. I warned them not to. That will cost us at least 2,000 permits.'

"In other words this infiltration is *not*, no matter what State Ministers may offer in the way of apology, just one of those mistakes that have been made. There is a deliberate plan for flooding Australia and perhaps ourselves, with Jewish immigrants from middle Europe."

—HEDDA DYSON in *The New Zealand Woman's Weekly*,
February 27, 1947.

THE CATHOLIC HERALD AND MAJOR DOUGLAS

The following reply to an article by the Rev. Paul Crane, S.J., of the Catholic Social Guild in the *Catholic Herald* for March 28, appears in the newspaper's issue of April 18. The enclosure mentioned in the letter was not published by the *Catholic Herald* and, in spite of the familiarity of many of our readers with its contents, we reproduce it below. Since Father Crane derived a part of his material from a book by Mr. G. D. H. Cole, it is pertinent to state that Mr. Cole is among those who have not responded to invitations to refute the simple formal demonstration provided. (See *The Social Crediter*, April 17, 1943, page 3.)

Sir,

THE BRIEF FOR THE PROSECUTION

Your reviewer's comment on this book appears to be primarily an attack on Major Douglas and on his economic views, with which the book has no direct connection, nor are they mentioned in it. It is therefore in consideration of our respect for the journal in which it appears that we notice the statements which are not relevant to the book under review.

Major Douglas's [A+B] Theorem has never been proved wrong. Various dogmatic statements and some ingenious arguments have been made to that effect, beginning with an official Labour Party pronouncement twenty years ago. They were all answered at the time they appeared, but are repeated at intervals, and on each occasion on which the matter has been brought to our attention we have sent the enclosed simple mathematical statement with a request for its disproof, and have never elicited even an attempt. We do not regard Mr. Gaitskell's economics with any greater respect than we accord to his politics, and a mere assertion that he considers Major Douglas wrong carries no weight. In regard to this matter, therefore, we await your reviewer's disproof of the primary thesis, which incidentally does not cover many additional causes of purchasing-power disparity. In our opinion, anyone who cannot see the inductive proof in the history of the past twenty years must have failed to grasp its implications.

That portion of the comment which does deal with *The Brief for the Prosecution* suggests that your reviewer is unfamiliar with the subject, and some of his criticisms are simply unintelligible. For instance he says, "For an example of the former" [mere assertion] "let us take... the control over British policy provided by British indebtedness after the 1914-18 war." He then quotes in italics a statement to that effect, says it is mere assertion and omits mention of an American biographer of Colonel House who supports this thesis and is quoted at length on page 45.

As your reviewer states that he does not understand the argument of the book it is doubtless unfair to complain of his failure to criticise this aspect of it, but to say that it consists of unsupported assertions in the face of its almost excessive documentation, to none of which he alludes, is really rather surprising.

Yours faithfully,

ELIZABETH EDWARDS,

Acting Editor, *The Social Crediter*.

April 2, 1947.

(THE ENCLOSURE:—)

FINANCING OF A LONG-TERM PRODUCTION CYCLE

Let N_1 = average length of the credit cycle in years

$$= \frac{\text{bank deposits} \times 2}{\text{bank clearings per annum} + L - K}$$

where K is the value of "Second hand Transactions."

("Second hand transactions" are those which do not cancel a cost.)

Then N_1 = average period of circulation of A payments + L

L = Internal (non-clearing bank) transactions

Let N_2 = average length in years of the production cycle at any selected period

$$= (\text{process time} \times \text{number of processes})$$

$$+ \frac{100}{\text{depreciation \%} + \text{obsolescence \%} + \text{consumption \%}}$$

N_2 = average period of time cost production and destruction.

Costs are generated in production and cancelled in consumption.

Therefore N_2 = average period of cost cycle.

N_1 is the order of 2 months;

N_2 is the order of 20 years.

Let $n_1 = \frac{1}{N_1}$ = number of circulations per year, say 6.

Let $n_2 = \frac{1}{N_2}$ = number of circulations per year, say 1/20.

Let A = all disbursements by a manufacturer which create costs = wages and salaries.

Let B = all disbursements by a manufacturer which transfer costs = payments to other organisations.

The manufacturer pays £A per annum into the N_1 system, and £B per annum into the N_2 system.

Disregarding profit, the price of production is £(A+B) per annum.

But to purchase (i.e., to cancel the allocated cost of) £(A+B) there is present in the hands of the consumer—

$$\frac{\text{£}(An_1 + Bn_2)}{n_1} = \text{£}(A + \frac{Bn_2}{n_1})$$

Consequently, the rate of production of price values exceeds the rate at which they can be cancelled by the purchasing power in the hands of the consumer by an amount proportional to $B(1 - \frac{n_2}{n_1})$
= approx. B.

This deficit may be made up by the export of goods on credit, by writing down of goods below cost, by bankruptcies, and by money distributed for public works and charged to debt. But in the main, it is represented by mounting debt.

PARLIAMENT

House of Commons: March 31, 1947.

Oil Burning Locomotives

Mr. Champion asked the Minister of Transport if he will give the cost per engine for the conversion from coal to oil burning; the length of time taken to carry out such conversion; and the comparative cost per engine mile of coal and oil-burning engines.

Mr. Barnes: I am advised that the best estimate possible at present of the cost of conversion, including the cost of the installations at storage depots, is about £1,850 per locomotive converted. The actual work of conversion of an engine occupies about 10 days, but engines cannot be converted until the necessary storage depots are available. It is not possible to give the comparative cost per engine mile of coal and oil burning respectively until actual experience has been gained of the running on oil fuel in the various classes of service upon which the engines will be engaged.

Royal Commission on Press (Membership)

Sir W. Smithers asked the Prime Minister if he will state to which political parties the members of the recently appointed Commission to inquire into the Press belong.

The Prime Minister: No, Sir.

Sir W. Smithers: Is the Prime Minister aware that many of us felt that he would not find it convenient to give an answer to this Question, and is it not further evidence of the Communist technique among the Press.

The Prime Minister: The hon. Member is, as usual, quite mistaken.

Mr. Marlowe asked the Prime Minister which of the members of the Royal Commission for an inquiry into the Press are known to have been members of, or been associated with, political parties; and where this information is available, with which political party each member of the Commission is, or has been, associated.

The Prime Minister: I am not aware of the exact political associations of all the Members of the Commission.

Mr. Marlowe: May I put two points to the right hon. Gentleman? While not for a moment suggesting that any of these members will act other than impartially, does he not think it unwise to have appointed the chairman of a political party; and also is it not a fact that, while most of the members have some strong political association, none is in such a position in regard to the Conservative Party?

The Prime Minister: I am aware of the convictions of a number of the members: I know of some, but not of all.

Mr. Derek Walker-Smith: Is the Prime Minister aware that of the members of the Press Commission—

Hon. Members: Reading.

Mr. Walker-Smith: I am very grateful for the solicitude

GLASGOW (SOUTHERN) D.S.C SOCIETY.
Current Affairs Section.

A PUBLIC MEETING

will be held in R.I. Rooms, 200 Buchanan Street,
on TUESDAY, APRIL 29, at 8 p.m.

Subject:—ADMINISTRATIVE LAWLESSNESS

of hon. Gentlemen opposite, but I am actually looking at HANSARD. Is the Prime Minister aware that of the members of the Press Commission, there is a Socialist alderman and a Socialist barrister, and would it not have been a pleasing coincidence if there might also have been a Conservative alderman and a Conservative barrister?

The Prime Minister: It might have been, but we have taken rather a cross section of the community and I do not think that we necessarily want a spate either of aldermen or of barristers.

Mr. H. Strauss: Is it not a fact that a very large proportion of the members of this Commission have failed to secure election to this House, and is that a qualification?

Scientific Civil Servants (Security Measures)

Mr. E. P. Smith asked the Prime Minister whether his attention has been drawn to the dismissal and transfer of scientific civil servants as a result of inquiries by M.I.5; and if he will issue a statement upon the whole incident so that the public shall not form any exaggerated ideas as to the unreliability of members of the scientific Civil Service generally.

The Prime Minister: I have seen reports in the Press on the subject to which the hon. Member refers. The responsibility for dismissal of civil servants is a matter for the Minister of the Department in which the civil servant is employed. My information is that the number of cases in which any question has arisen on security grounds as to the suitability of civil servants for employment is extremely small, and I am glad of the opportunity of paying a tribute to the integrity of the staff employed in the scientific and other branches of the Civil Service.

Mr. E. P. Smith: Does not the Prime Minister recognise that this is an altogether unprecedented action in this country in peacetime and ought not the public to be told the whole story?

The Prime Minister: No, Sir. I think the stories have been vastly exaggerated. It is not unprecedented. It has been the practice, where occasion renders it desirable, for the Department to make inquiries and it is the duty of any Government, of whatever colour, to see that those who serve the State are loyal to the State.

Mr. Michael Foot: Will the Prime Minister say which Minister in the Government is responsible to this House for

(continued on page 7).

Elements of Social Credit

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Saturday, April 26, 1947.

ART AND POLITICS

Tactics (Greek: *ta taktika*) is "the art of drawing up soldiers in array." Very well.

Mr. Douglas Reed has now published an announcement that the partnership in whose ownership *Tidings* has proposed is dissolved, and that with the issue of April 19 his responsibility for anything which may appear in its pages ceases. At the same time he has published an extensive and thoughtful *au revoir* stating clearly and forcibly his conviction that the threatened destruction of Europe as we know it, if it occurs, will be the deliberate result of the agency of secret societies which, since the French Revolution, have spread to all the "white" countries, nourished by roots outside of them. He believes that, probably this year, in England, "there will either be those changes for which the conspiratorial enemy has been working... or we shall return to the sane policy of promoting the safety of this island and the welfare of its people." He believes that, here in England, "the strength of these groups-behind-scenes is increasing and being made more plain every day." No more than ourselves does he know the outcome. Our readers will understand that, so far at least, we are in entire agreement with Mr. Reed. Apparently he has decided to change his tactics. No tactician can ever be wholly disinterested in the tactics of another, nor in a major and unexpected change of tactics, and, if Mr. Reed's action in relinquishing the sturdy little journal which he founded a year ago is a change of tactics, we are frankly interested. We intrude the point only to escape from it, for we have no intention of embarrassing either Mr. Douglas Reed or ourselves with essays to manage anybody's business but our own.

When, however, Mr. Reed touches, even lightly,—

"Satire like a polished razor keen
 "Should wound with touch that's neither felt nor seen."

—upon matters of fact concerning the heavy artillery in the war of human ideas, we may, with propriety, think aloud about what he says and suggests. This has the more force, the more earnest his suggestions are.

There is, then, one passage of his article which arouses our curiosity, because it bears upon matters which have for some time been in our mind. We reproduce it in full:—"Many great writers of this century have felt the irresistible spell of our times upon them. Shaw, Wells, Priestley and others set out to write novels and plays, and found the disturbing mystery of this century too strong for them; they became political writers. I would humbly have liked to go the opposite way. I would prefer to advance from the craft of journalism, which is at the best but photography (and the camera can lie!) to the art of imaginative writing, which is painting. A year ago I had started on that path, but the call of the calling was too strong. I think the writer

may do himself and others more good by the paths of poetry than by those of political journalism. When I find a moment to step back and try to arrange things in their true order, I think there is more human wisdom and political truth in Shakespeare (who never heard of 'Fascism,' or 'Communism,' or 'The World State,' or 'the surrender of national sovereignty,' but knew a villain when he saw one) than in all the print-and-paper of the newspaper age. I think the latterday writers, from Shaw on, who under the thrall of these tumultuous times have strayed from the world of imagination into the earthly one of politics, have usually gone wrong. On the way they have lost grasp of simple truth and become peddlers of quack medicines. Often they have attacked Christianity which—quite apart from its obviously vulnerable dogmas—appears to me the only political doctrine which can justify the gift of human life... I do not think posterity holds fame for them."

First we would draw attention to the names of the three writers whom Mr. Reed has selected to set beside "others." They are the names of three men who, at some point or other in their careers (unless they were fools, and no potentially great writer ever was a fool) chose to enter into and to exploit the conspiracy which it is Mr. Reed's intention to defeat. Each had "the immodesty of narrow imagination trained in self-trust;" and not one "the modesty of great imagination; that is to say, of the power which conceives all things in true relation." They were apostles of the Revolution, and have profited from their services to it, as no one could have done in any other service in the terrible times through which we are passing. So much for them. A profounder difficulty than they could contrive to present, if they did their damndest, arises from consideration of Mr. Reed's words in the light of what we can understand of less questionable Masters. The glory of a civilisation is seen or heard in its art. Its glory. We admit the 'genius' of revealers. Indeed, we are by conviction lavish rather than sparing of the attribution, and deem genius not a rare but a common thing, the thing which it is the special mission of Christianity to preserve, perfect and enhance. Says a writer less well-known but honest than Shaw: "Talent can be described as 'that which we have,' and Genius as 'that which has us.'" The expression, which is right, is Mr. Harold Speed's. If we turn to the great artists, Homer, Aeschylus, Euripides, Shakespeare, Beethoven, it was what possessed them, not what they possessed that mattered most, and it mattered at all only to those who were similarly possessed.

In the subtle partnership of art and politics (all great art is political, and all great policies are religious) neither is truly creative: "I am the true vine and my Father is the husbandman." Botticelli retired from painting to 'scratch on copper' under the influence of a religio-political motive; and a part of the fruit illustrates our popular editions of Dante. But we cannot discern the effective result in his time. Great poets speak only to great men, and can but be the vessel for the imaginative realisation of great times. T.J.

"Good Housekeeping"

"In our house of human endeavour we must have a floor, but no ceiling. Thus we shall liberate once again the strength and genius of the nation and make all that vast process of energy, invention, thrift, and good housekeeping play its part in restoring the common weal."

—Mr. Winston Churchill, April 18.

An Introduction to Social Credit*

By BRYAN W. MONAHAN

Part III.—POLITICS.

(5) (continued)

That is to say, "Full Employment" is a *strategy* which has the result of subjecting individuals to a system of government. It does, as it is designed to do, make the individual a cog in a system of world organisation.

This strategy has developed out of the earlier phase in which adherence to the canons of "sound" finance was the prime concern of the official economists and politicians. The development is of extreme importance, for it indicates that shifting of the headquarters of policy to which we have already referred. But if what is involved is grasped, it is easy to see that the unfolding strategy in itself reveals the continuity of policy behind it. And it is easy to see that, as Major Douglas has pointed out, the apparent failures of policy are in reality its greatest successes. The policy is centralisation of control; and trade rivalry leading to military war, and the depression leading to the elimination of small businesses and the psychological conditioning of the masses to the idea that the greatest service their leaders could provide would be the avoidance of "unemployment" on almost any terms of loss of freedom, are all of a piece. Both wars—or the two phases of the one war—led to the instalment of a bureaucracy ruling through Regulations and Orders in place of the highly developed system of Common Law at the service of the individual. "Full Employment" for unspecified ends quite smoothly replaces full employment to defeat Hitler.

Now obviously it is just as impossible to pick a man off the street through the mechanism of elections and place him in control of the policy of a society organised for "Full Employment" as it is to place such a man in the same way to control a steamship company. He simply has not got the knowledge. He is in the hands of his advisers, the higher officials of the permanent bureaucracy, who understand very well that only certain possibilities are open: a decision in one sphere quite inevitably repercussions throughout the system, and closes a number of possibilities in other spheres. This is particularly so in the case where "Full Employment" is an overriding policy, for if a certain proportion of man-power is hypothecated to certain long-term undertakings, other undertakings are ruled out until the former are completed, unless the waste involved in their abandonment can be countenanced.

At this point it is much easier to realise the significance of the "nationalisation" of banking. Banking—*i.e.*, credit-control—becomes part of the governing bureaucracy; and because of its administrative characteristics, its properties of "generalness," it occupies a central position. *Finance enters into bureaucracy to control and direct the bureaucracy;* and it has ready to its hand all the ancillary means of control which are lacking to it while the Government is a competitor. That is to say, the "canons" of sound finance are replaced by Governmental orders backed by the sanctions of the Law. High taxation becomes a matter of Government "policy" instead of a merely economic necessity of "balancing the budget." Wages and prices can be "controlled," the re-

*Now appearing in *The Australian Social Crediter*. The commencement of Dr. Monahan's essay, publication of which has been interrupted; appeared in *The Social Crediter* on January 25.

distribution of workers being effected by Orders instead of by economic incentives; the Orders are backed up by the control of rations, and by the necessity of compliance so as not to forfeit the "benefits" of compulsory Social Security.

One of the advantages of sovereign nations lies in the possibility of diversity in the way of social organisation, the opportunity to try out different possibilities. But we see that as the world becomes richer in its ability to produce goods and services, so we are told that it is becoming increasingly difficult for a nation to live to itself. This is made the excuse for imposing similar systems and objectives on every nation, and the similarity of the proposals everywhere—"Full Employment," State Socialism, and the abrogation of national sovereignty—is a clear indication of the operation of a world policy proceeding from a world centre and having an ulterior motive.

The absurdities in the situation are so gross that it is difficult to write patiently of the petty details. "Full Employment" in a power-production economy is the most absurd of all; and in the U.S.A. the situation is so precarious that clearly only a repudiation of the policy can avert frightful disaster. Only war, or the pouring out of American production free to the world can possibly keep American noses to the grind-stone. It looks like war.

It is very necessary to bear constantly in mind the real physical situation—the real inherent ability of a modern power-production economy, in which human labour is becoming more and more nothing but a catalyst, to deliver the goods. The standard of living ought in reality to be related to that ability. Obviously, there must be some neutral measure linking the standard of living with that real ability. That measure is the *ratio of the production of consumers' goods to total production*. It is the measure immortalised in Goering's phrase: "Guns instead of butter."

The financial-bureaucratic combination is able, through a "planned economy," to postulate a certain standard of living, and to put that proportion of the population not engaged in providing the goods and services that make up that standard to work on whatever it likes—public works, international public works, raising the standard of living of Hottentots, and so on. All these things are equivalent to Goering's "guns." The quantity of "butter" delivered to the population depends purely on the policy of those in control of the administrative apparatus. With a perfected bureaucratic control, the "axioms" of finance can be dismissed. Production is financed from financial credit to any extent required, and the credits are recovered through direct and concealed taxation.

Consequently, a discussion such as is often proposed, on "wages and hours in industry," overlooks the vital factor—the ratio of consumers' production to total production. Vast sums spent on public works are exactly the same thing as the "profits" against which the Socialist invective is so largely directed. The "profiteer" (an almost extinct animal now) invests the greater part of his profits in further capital expansion; it is this, and not his personal consumption (which is strictly limited) which depresses the standard of living of the "worker." But capital expansion (public works) initiated by the Government out of credits has precisely the same physical effect.

A planned economy, "Full Employment," and an allocated standard of living, comprise the official programme of Socialism. It represents nothing but an intensification,

backed in the last resort by a secret police, of the very policy against which "the worker" believes he is protesting.

In fact, it could hardly be otherwise. The idea is ludicrous that the "Capitalist," who according to the orthodox Socialist controls the Press and the Government, is going to see himself dispossessed. What "the worker" calls "the Capitalist" is in reality the *independent* producer; and the Financier has organised the Proletariat into a mob to use it to remove the threat to monopoly of the independent producer.

(6)

Totalitarianism is, in essence, the conversion of Society into a fixed pattern—a machine which can be operated as a whole by a small group. This conception is most easily grasped in connection with war. Society can only be organised as a whole in relation to some *function*; war is a function of organised Society, and in war the individual is, and must be, subordinated to that function. Apart from war, however, it is difficult to conceive of any but one other function to which the individual can be subordinated in this way. That other function is *work*—work as an end in itself—"Full Employment" for unspecified ends.

But once Society is organised in relation to a function, central control reaches out in ever more detail over the life of the citizen, and government as such becomes more and more of a pre-occupation. Thus the pervasiveness of modern government is a direct consequence of totalitarianism. The real problem of genuine political democracy is, therefore, much simpler than it appears at first, because it involves much less "government."

The essential point to grasp in connection with genuine democracy is that it has nothing whatever to do with devices for imposing one policy on the whole of Society. Democracy means making the policy of each individual effective in relation to himself; as we put it earlier, it means that each individual is in a position to issue his own directives, and have them carried out.

Now, under primitive conditions, the expanding desires of the individual will rapidly require the subordination of other individuals to his policy if his directives are to be fulfilled. But the great significance of the progress of the industrial arts is that the individual's desires can be met to an ever-increasing extent by the resources of power-driven machinery; and consequently, what is required of government is simply that it should see that these resources are at the service of the individual as such.

From this point of view, the individual has two aspects: in one he is a producer, in the other a consumer. We have already seen that it is an immense advantage to the individual as a *producer* to submit to organisation, since this results in an unearned increment of association—*i.e.*, the required output is obtained from a lesser effort when this effort is co-ordinated with the efforts of others. Co-ordination implies centralised direction: it is in its nature totalitarian. Production is thus hierarchical.

As a consumer, on the other hand, each individual has his own requirements. There is no sense in the idea of "centralised consumption." That is to say, consumption is in its nature democratic in the sense we have defined it.

Now, the more production becomes a function of power-driven machinery, the less importance attaches to the producer aspect of the individual, and consequently the less importance attaches to organisation. Correspondingly, the consumer aspect increases in importance, and this aspect implies democracy. In other words, the individual needs to

submit to organisation for a continually decreasing proportion of his time, and outside that time he should be free within the natural limits imposed by the freedom of others; and in that free time, he should be able to have his "directives" fulfilled up to the capacity of industry to fulfil them.

Under totalitarianism, the individual is a subject of the State. The antithetical possibility is that he should be a share-holder in his country. That conception defines the democratic relationship perfectly.

Let us consider an industry making, say, foot-wear. The people concerned in the situation are: (1) the owners; (2) the executive; (3) the management; and (4) the consumers of the product.

(1) The owners, as share-holders, are concerned with dividends—a claim in money which can be exchanged for the products of that or another industry. Their directive to the executive is to return the greatest possible dividend, and they are entitled to appoint and dismiss officers of the executive in accordance with their success in fulfilling that directive.

(2) The executive officers are concerned with carrying the policy of the owners into effect. They form a bridge between the owners and the management. They *represent* the owners in relation to the management.

(3) The management consists of experts in the different techniques of every aspect of the production. It is the business of the expert to know how to carry general directions into practical effect; to *take* orders in regard to objectives—*i.e.*, on policy—and to *give* orders in regard to the methods of carrying those directives into effect. Executive and management together form an administrative hierarchy. At the bottom of the hierarchy is the ordinary worker.

(4) The consumer is concerned solely with the *product* of industry and its price. He requires that the product should satisfy his specific and individual want—that the boot or shoe should be of the style, quality, and price that suits him. He is *not* concerned with the method of manufacture, or with the way the factory is run.

Now if the owner wants dividends, and the consumer has the money, there is a perfect sequence of cause and effect. The concern of the executive and management is to find the appropriate methods of reconciling the requirements of owners on the one hand, and consumers on the other. As long as the organisation must compete for customers, the customers in the aggregate will direct the programme of production—so many shoes of one size, so many of another, so many in each of several styles. The pattern of aggregate production is thus controlled in detail by the democracy of consumers. We can say, therefore, that money is a blank directive; the details are filled in at the time of purchase. The spending of a sum of money on a particular article is in effect an *order* to the producing concern to produce another article of the same specification to replace it.

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It is impossible to conceive of a more sensitive and perfect device for ensuring the truly democratic control of the programme of production. For the reasons which we have already examined, there are barriers to its proper operation. But "There was a period, say between 1850 and 1914, in which the economic aspect of this problem was in a fair way to solution. The gold sovereign was a complete order system. Mr. Brown had only to tender his yellow warrant of sovereignty and he got what he wanted. He set in motion the most marvellous train of self-acting psychological sanctions. Factories sprang to life, trains ran, and ships sailed, all concerned not merely to do his will, but to do it better than anyone else. It is quite irrelevant to this particular argument that a large and increasing number of Mr. Browns had no sovereigns; it is a fact of history that the man who had one always wanted two, and in consequence, if every Mr. Brown had possessed a sovereign, it would still have been effective. It is perhaps unnecessary to observe that the virtue of the gold sovereign lay not in its material, but in its sanctions." (C. H. Douglas, 1946).

(To be continued).

PARLIAMENT

(continued from page 3)

the activities of this body, and does he not think that past procedure should be changed and explanations given to the public for the activities of this body in order to allay any misconception that it is acting as a secret police?

The Prime Minister: I do not think so. There is no action here in the nature of a secret police.

Mr. Sydney Silverman: Whether or not information can be given to the public, would my right hon. Friend undertake that nobody shall be dismissed from his office on a secret report on security grounds without being given the opportunity of knowing what is his alleged offence and of replying, if he can?

The Prime Minister: The House will realise that this is a very difficult matter involving the security of the State. Every effort is being made to see that everyone is treated with the utmost fairness, and I hope that the House will support me in declining on grounds of public interest to deal with this or any similar matter in very general terms.

House of Commons: April 1, 1947.

Chief Planning Officer

Mr. Piratin asked the Prime Minister whether, in order to prepare and carry out national economic planning along Socialist lines, in deciding who should fill the post of chief planning officer, consideration was given to those who had ability and also Socialist principles.

The Prime Minister: Ability, experience of planning and willingness to carry out the policy laid down by His Majesty's Government were all taken into account. No investigation was made into the political principles of those whose qualifications were considered suitable.

Mr. Piratin: Even though some hon. Members may not agree that the economic planning of the Government is meant to be based on Socialist principles, would it not have been advisable to find someone who had such principles?

Sir W. Smithers: Is this not a case of the tail wagging the dog?

The Prime Minister: The hon. Member has not quite grasped the principle in this country by which the policy is laid down by the Government but the Civil Service very

loyally carry out the decisions of the Government of the day.

Mr. Oliver Stanley: Can the Prime Minister tell me how it was possible to find any applicant willing to carry out the policy of the Government in view of the fact that there does not appear to be one?

The Prime Minister: As the principle staple talk of hon. Members opposite has been denunciation of the policy of the present Government, I do not see how the right hon. Gentleman finds that there is not one.

U.N.R.R.A. (Cost to U.K.)

Sir W. Smithers asked the Chancellor of the Exchequer what was the total cost of U.N.R.R.A. to the British taxpayer.

Mr. Dalton: £155 million.

Sir W. Smithers: Will the Chancellor of the Exchequer set up an inquiry to find out if the money given by British taxpayers was used for the purpose for which it was intended? Was it used for Communist propaganda and how much of it was used for victualling illegal ships to Palestine?

Mr. Dalton: I cannot imagine from where the hon. Gentleman has got these fantastic ideas. So fantastic are they that I do not propose to inquire into them.

Sir W. Smithers: May I send the right hon. Gentleman some evidence?

House of Lords: April 2, 1947.

Army Education Advisory Board

Viscount Bridgeman asked His Majesty's Government, whether they can state what are the terms of reference and the composition of the reconstituted Army Education Advisory Board.

The Parliamentary Under-Secretary of State for War (Lord Pakenham): I am glad to be able to say that the following have consented to serve:

Sir Philip R. Morris, Vice-Chancellor, University of Bristol;
W. P. Alexander, Esq., Secretary, Association of Education Committees;
H. Clay, Esq., President Workers' Educational Association;
Dr. H. Lowery, Principal, South-West Essex Technical College and School of Art;
Mrs. J. L. Stocks, Principal, Westfield College, University of London;
W. E. Williams, Esq., Director, Carnegie Bureau of Current Affairs;
Professor J. N. Wright, Dean of the Faculty of Arts, University of St. Andrews;
Arthur Bryant, Esq.;
Lord Beveridge;
Mrs. Hubback, Principal of Morley College;
Kenneth Lindsay, Esq., M.P.;
Lord Lindsay, Master of Balliol;
Lord Pakenham, Parliamentary Under-Secretary of State, War Office, will take the Chair.

There terms of reference will be:

"To advise the Secretary of State for War on such matters connected with Army Education as they think fit, and upon any questions referred to them by him."

The board will have the opportunity of consulting with representatives of official bodies, and other persons possessed of special knowledge and experience. My right honourable friend and I would like to say how grateful we are that Sir Philip Morris has consented to continue to serve.

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To all Social Credit Groups and Associations, Home and Overseas

*Associations desiring to act in accordance with the advice of the Secretariat are asked to fill in the following:—

Name, address, and approximate number of members

of Association

We desire to follow the advice of the Social Credit Secretariat.†

To acquaint ourselves with the general character of this advice and the reasons underlying it, we agree to subscribe to *The Social Crediter* regularly in the proportion of at least one copy for every five members.

We agree not to discuss with others, without authorisation, the details of special advice received from the Secretariat.

Date..... Deputy's Signature.....

To accompany the above form, a brief statement is requested giving the history or account of the initiation of the group, and its present activities and intentions.

HEWLETT EDWARDS,
Director of Organisation and Overseas Relations.

*For this purpose an Association to consist of three or more Social Crediters.

†The Secretariat is the channel used by Major Douglas, the Advisory Chairman, for the transmission of advice.

Plymouth Union of Freedom

The formation of a Plymouth Union for Freedom is reported by the *Western Morning News* of March 19, which summarised briefly the opening words of Mr. A. T. Dingle, who presided, and the addresses of the speakers, Mr. T. V. Holmes, Mr. C. C. Lewis and Captain E. J. Flawn.