WHAT'S WRONG WITH THE WORLD?

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By

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TO

THE EARL OF TANKERVILLE

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G. W. L. D.

CHAPTER I

BLIND LEADERS TO GUIDE US

SOMETHING is very wrong with the world. You need not be very observant to realize that. Nearly everybody seems to be in a bad way. Poor people seem poorer, and a great many who were rich once have lost their money.

"Things are bad, these days," people say. At least they used to say this. But now things have been bad for so long that it hardly seems worth saying any longer.

Perhaps you are still in work. But the odds are your pay has been cut and your job is less secure. You say to yourself "One day *I* shall be on the dole, and then what will happen to me and my family?"

This fear of being out of work is like a bogy to most working men. It is always waiting to jump out on you when you're feeling ill or tired.

Perhaps you are already on the dole and have been "out" for some time. At first you thought it was only temporary, and politicians and other people told you you would soon be all right again when trade improved. And for a long time the newspapers kept telling you that prosperity was just round the corner. But it wasn't. And now after all these years things hardly seem any better, and for all you can see they never will be.

Perhaps you live in one of the so-called Distressed Areas. To begin with there was a great fuss about these districts. The newspapers said how shocking it was, and relief funds were organized to help you. But after a while the fuss died down, and except for an occasional M.P., hardly anybody mentions the subject any more.

They seem to have given it up as a bad job!

Now ever since the War there have been plenty of people ready to tell us what's the reason for all this distress in the world, and also how to put it right. Socialists, Communists, Conservatives, Liberals, Fascists, Economic Experts, and many others have all been saying that everything will come right if only we do what they tell us, until now the world has become like a Tower of Babel.

Since the Depression began, most people have come to the conclusion that the trouble lies in Finance. Now Finance, we have always been told, is such a complicated subject that only bankers and economic experts can hope to understand it. So most of us have never even tried to grasp it, but have simply taken it on trust.

You may perhaps remember "Woodbine Willy," the Reverend Studdart Kennedy? Well, one day not long before he died he called on the editor of *John Bull* and said to him "Look here, I feel sure all this trouble is due in some way to Finance. I'm going to get to the bottom of this money business."

Off he went, and a few weeks later he came back. He told the editor he had been having long talks with many of the best-known financial experts in the Kingdom, ending up by spending a week-end with Mr. Montagu Norman, Governor of the Bank of England.

"And do you know," he said, "they don't understand their own system!"

This may sound incredible to you. What would you think of a War Office which knew nothing about military matters, or a Ministry of Agriculture which was ignorant of farming?

Yet it is quite possibly true. Only a few years ago Mr. Montagu Norman admitted publicly that the economic situation was too much for him and that he could not see the light at the end of the tunnel !

Suppose a guide who was conducting you over a perilous mountain range suddenly turned round and confessed that he knew nothing about his job and had completely lost his way, what would you do ? Probably you would take care to engage a different guide next time. But Mr. Montagu Norman has just been re-elected Governor for the sixteenth year in succession, and none of us have been asked whether we agree to it.

He, at least, is honest enough to tell us that he has lost himself, but there are plenty other so-called experts who are not so honest. Scarcely a day passes without somebody getting up and saying, " The way to prosperity lies —here." But immediately another expert gets up and says, " No, the way to prosperity lies—there."

There never was such a shouting and a wrangling. First the cry is for economy, then for wise spending, then for the stabilization of currencies, then for raising of prices, then for industrial planning, and so on, and so on, without end.

It is like a parrot house.

Most of us are so tired of parrot cries that we refuse to listen any longer and just leave others to worry things out. Millions of people will no longer even take the trouble to vote. It seems to make very little difference who gets in : things remain just about the same for the great majority of the nation.

Even when the newspapers tell us that trade has already improved, most of us have to take it on trust. Few of us are any better off than we were last year, and a great many of us are even worse off. In any case, it is quite obvious that much of the revival of activity is in industries connected with warfare.

The bankers and business magnates tell us we can't be prosperous again until our overseas trade revives, and yet all of them admit there is no sign whatever of it reviving yet awhile. According to the League of Nations Bulletin of Statistics, world overseas trade reached the lowest point ever recorded in February 1935. Are we to spend the rest of our lives in poverty and misery waiting for the impossible?

No, there *is* a way out of it.

Suppose, now, there had been a master mind which, years ago before anyone else had thought of such a thing, examined this clumsy apparatus which we call Finance and saw that it was not working properly because of certain mechanical defects.

Suppose he had realized that, because of these defects, various things would happen to the world—namely, the very things which *have* happened and *are* happening to it now.

Suppose he had discovered that all the poverty and distress which we are enduring are really utterly unnecessary, and that every one of us could be made secure, and perhaps comfortably off, from birth to death simply by adjusting this flaw in our financial apparatus.

Suppose if, after years and years of fighting against the vested interests of Finance, he and his followers had at last begun to make headway, until to-day there are millions of people in the world who have been converted to his way of thinking, and at least one government which is hoping to put his proposals into force immediately.

If all this were so, would you be willing to read this book with an open mind and hear what his discoveries are?

Well, these things *have* happened, and that is why I am sitting down now and writing this book. I am tired of being hard up (as I daresay you are) when it is my birthright (and yours) to be reasonably well off, and if only I can get you to see eye to eye with me there is a chance that we shall get what we want.

And surely what we *all* want is the one thing worth making a fight for ?

It is no good making my effort unless you will make yours, and that is (to begin with) reading this book *with an open mind.*

I don't know if you are a Socialist, a Fascist, or what. But whatever views you hold, will you please give me a fair hearing and read what I have to say not as a Socialist, a Fascist, or whatever it is you are, but as your own common-sense, unbiased self ?

You agree ? Very well, then, come with me and take a look at this suffering world of ours, without any ideas formed in advance, and we'll see what we can make of it.

CHAPTER II

THIS SUFFERING WORLD

FIRST of all let us look at Great Britain and see how most of us are living to-day.

The total population of England, Scotland and Wales at the last Census in 1931 was 44,790,485, and out of this number there are to-day about 2,300,000 of us registered unemployed. At the very least there are another 300,000 black-coated unemployed who draw no doles at all.

Some people tell us that a large proportion of these numbers will get jobs again, some day and somehow, but even the most optimistic admit that there are 400,000 families representing what is called the " hard core " of unemployment—400,000 families, that is, whose bread-winners are permanently unemployed.

However you look at it, there are now millions of men drawing doles which are just enough to keep them and their families alive, but barely enough to keep them in a state of health, and certainly not enough to keep them in a state of cheerfulness.

The number of people all over the Kingdom on Poor Law relief is increasing steadily, not to say alarmingly.

At the end of 1913 there were 632,242 in England and Wales on relief. On the first Saturday in January 1933 there were 1,376,040. In 1934 there were 1,401,224, and by January 1935 there were 1,471,987. (These figures exclude insane patients in institutions and casual wards.)

The numbers on relief in Scotland on December 15, 1932, were 273,768 ; in 1933 there were 308,162 ; and on December 15, 1934, there were 401,927.

Another indication of our present distress is the amazing growth of moneylending. In spite of the Moneylenders' Act passed in 1927, the number of moneylenders, both registered and unregistered, has been steadily increasing ever since. London now has over 3,000 registered lenders, and Belfast, Manchester, Liverpool and Glasgow have another 2,000 between them. Experts have estimated that one half of the salary-drawing and wage-earning class of the Kingdom is now in the hands of moneylenders, or has passed through their hands.

So at the bottom of the economic ladder more and more people are getting into dire straits or becoming down-and-outs.

At the top end it is just the same. In 1931 there were 678 tax-payers with incomes of over £40,000 a year. In 1932 there were 534, and in 1933 only 452. Our millionaires are steadily disappearing.

The *Financial Times* says : " The total income gained by millionaires declined from £42,537,541 in 1931-32 to £35,140,072 in 1932-33. The decline reflects the general tendency for the rich people to become less wealthy. A noticeable feature is the big reduction in the number of persons liable to surtax and super-tax.

" Whereas in 1929-30, 108,532 persons were in receipt of annual incomes of £2,000 or more, there has been a steady decline year by year to 84,175 in 1932-33, with their total incomes assessed at £414,101,427."

So the rich and the poor are both growing poorer together, and since the cost-of-living figure is 143 compared with 100 in 1914, there is no doubt whatever that most of us are a good deal worse off than we were.

Since the Depression began, bankruptcies have been much more numerous than usual. They now number between 6,000 and 7,000 a year. Figures show that they have been most frequent amongst peers, while the only people to escape bankruptcy altogether have been the bankers, who show a nil return for all three years, 1931 to 1933. Which proves that banking is the one and only uniformly prosperous occupation in Great Britain!

Now a disturbing fact is that if you examine the figures for bankruptcy and compare them with the figures for suicide, you will find that they rise and fall together exactly as if they were linked. This shows that the greatest cause of suicide is economic distress.

The total number of suicides rose from 3,582 in 1919 to 5,502 in 1929 and 6,247 in 1933. A sudden increase, both in bankruptcy and suicides occurred immediately after the war ended and Finance began to tighten its grip over us once again.

Under the title of "How the Poor Live," the *Manchester Guardian* recently drew a grim picture of the unemployed in Manchester.

"Even in the careful families, when the income is round about 35s. for seven members or 50s. for man, wife and seven children, there is never any margin, and the slightest deviation from monotonous living induces a financial crisis."

So ready money has to be raised by the most fantastic devices. A family which draws the dole on Tuesday borrows from another which draws it on Friday, which in its turn borrows from a third. Checks from clothing clubs are used as "ready," and so on.

In this way the unemployed just keep themselves alive. For whereas the weekly food bill of "Boo-Boo," the Zoo's London-born Chimpanzee, is £1 16s. 3d., the B.M.A. minimum standard diet for human beings costs 5s. 10½d. a week.

Then there are, according to the *Morning Post*, as many as 3,000,000 men and women in the Kingdom suffering so severely from nervous breakdown as to need medical treatment.

The *British Medical Journal* says that out of one thousand panel patients in Glasgow who were medically examined because of prolonged incapacity for work, at least half were suffering from nervous breakdown.

We can safely put down a great many of these cases to poverty and money anxieties, and we can debit a good deal more of the nation's ill health to sheer lack of sufficient food.

Recently a number of doctors and others have formed a Committee Against Malnutrition. In a letter reported in the Press, the chairman, Dr. Leslie Harris, said it was impossible to deny that there is extensive malnutrition. " Statistics are available," he wrote, " to show that considerable sections of the community have less money to spend on their food than the minimum necessary for health.

" Medical evidence shows from recent investigations that a large percentage of babies in the slums and among the working classes suffer from nutritional anæmia due to inadequate feeding." In other words, babies are starving.

In a letter to *The Times* in December 1934, Dr. G. F. Walker of Sunderland appealed to the nation to consider " the deterioration of the health of a very large section of the population in the distressed areas."

Lately the Tyneside authorities have grown alarmed at the poor health of babies and expectant mothers who are getting too little milk.

The Board of Education at Smethwick has just decided that under-nourished children must show actual signs of starvation before they are given emergency food !

Mr. Rhys Davies, M.P., said in the House of Commons earlier this year that 110,000 members of approved societies had been unable to pay their contributions owing to being out of work, and so had lost benefits of every kind, including medical benefits. He said that maternal mortality and "still" births were steadily increasing.

Last year the approved societies issued over five million warning letters to their members threatening penalties if their arrears were not paid up. Special legislation has been necessary to assist them.

Let us look at something else—housing.

The first separate housing census ever compiled has just been issued. It says there are 50,000 families in Great Britain living in incredibly bad conditions of four or more persons to a room.

It says there are over 180,000 families over-crowded to the extent of three or more persons to a room.

And it says no fewer than 382,700 families are living below the "standard" level.

Debts. In 1925, 10,858 people were imprisoned for debt. In 1929 the number had risen to 12,925, which was about one quarter of the total imprisonments for all offences. But by 1932 it was no less than 24,272, or about 45 per cent. of all who were sent to prison for any offence.

Brixton, our biggest debtors' prison, is full up.

Miss Craven, Secretary of the Howard League for Penal Reform, says that practically *all* crime nowadays is due to enforced idleness and poverty, and that the crime figures follow the unemployment figures "almost slavishly."

The Empire. In a letter to *The Times*, Commissioner David Lamb, of the Salvation Army, says (of the British

Empire), " . . . despite a higher standard of living and all our modern scientific achievements, the 'Submerged Tenth' of fifty years ago is in danger of becoming the 'Submerged Twentieth'—[obviously this is a slip for the 'Submerged Fifth']—of the present generation."

In America, which a few years ago was said to be the richest country the world had ever seen, there are now 20,500,000 people on the relief rolls, while between the years 1931-32 and 1932-33, eighty-two millionaires ceased to be millionaires any longer.

Let me close this dismal chapter with a few extracts from a recent report of the Save-the-Children International Union.

The report says there are 25,000,000 registered unemployed in the industrial world who, including their dependants, would make an army of 100,000,000 men, women and children—enough to stretch five times round the earth in single file.

It describes the home life in an average unemployed home as "Hell."

It says that in Canada large numbers of men are becoming tramps, and talks about their sense of defeat owing to "enforced idleness, lack of any spending money and a general deprivation of opportunity."

It draws a terrible picture of the nerves of the grown-up people in unemployed homes, and the exasperation and despair of the children.

It says those of the younger generation with more spirit become revolutionaries, while "the less valuable let themselves drift into a condition of lethargy and slowly degenerate into that sort of human dust and refuse that can serve no further useful purpose."

Mr. Cordell Hull, Secretary of State, speaking before a committee of Congress recently said :

" Near 80 per cent. of the world's population of 2,000,000,000 persons are to-day living below the poverty line. Some enterprising nation or nations will and must produce and export the many different commodities necessary to supply these people thus in need."

I could take each industrial country in turn and give you enough gloomy information to fill this book. The world is in a shocking condition and seems to be sinking into general bankruptcy.

Is there no way out of all this poverty and distress ?

Let us have a look at a fresh set of facts and see whether we can go one better than Mr. Montagu Norman and find some daylight at the end of the tunnel.

CHAPTER III

OUR AMAZING WEALTH!

WHEN His Majesty the King opened the World Economic Conference in 1933, he said: " It cannot be beyond the power of man so to use the vast resources of the world as to ensure the material progress of civilization. No diminution in these resources has taken place. On the contrary, discovery, invention, and organization have multiplied the possibilities to such an extent that abundance of production has itself created new problems."

What did he mean by this? He meant that we have at last solved the problem of how to produce enough food, clothes, houses, and, in fact, necessities and comforts of all kinds for everybody—the problem which has worried us ever since the beginning of history—and that we are now faced with other problems: namely, how to get on with the business of producing these things, and how to let each person get possession of his or her share in them.

Was he right? Certainly he was right! Our power to produce necessities and comforts of all sorts has increased to such an extent that we are completely bewildered. And the reason is that inventors keep on inventing bigger and better machines so that we now have millions of mechanical slaves to work for us.

In 1712 the first steam engine, the " Newcomen," could do the work of 70 men. By 1772 the best type of machine could do the work of 765 men. In 1876 there was a machine as powerful as 234,000 men. Then came the turbine engine, which to-day can work all the twenty-four hours round and can do the work of 8,766,000 men working only eight hours.

Look at the matter from a slightly different point of view. In 1775 our ancestors had their own muscles to work with, and they got about an equal amount of work from primitive machinery and animals. But in 1929 they had their own muscles, and in addition about fifty-nine times their own strength from modern machines.

This is according to M. Jacques Duboin. Professor Soddy works it out a little differently. He calculates that our power to produce, per worker, is now about forty times what it was before the Mechanical Age.

And all the time this power to produce goods of all kinds is increasing. For instance, between 1924 and 1929 the output per worker in the whole of the industrial world increased by 11 per cent. In the United States it has gone up by 50 per cent. in the last twenty-five years.

Just consider how our power to produce food has increased.

It took a man some 10 hours to plough an acre of land in 1775, but to-day with machinery it takes him only 5 minutes 17 seconds.

We have harvesting combine machines now which reap, shock, load, haul, stack and thresh the corn all in one day.

We have electric incubators which hatch 50,000 eggs at a time, and hatch a total of three million chicks a year.

We have electric milkers—in 1926 there were 100,000 of them in America alone—which milk from five to six cows at a time.

And so on, and so on. Machines and appliances of this kind could be installed by the million if need be, and as to human labour, Professor Soddy calculates that a mere 4,000 men equipped with modern machinery could produce the whole of the American wheat crop!

How about agricultural land? Modern intensive cultivation makes almost anything possible. As long ago as 1912, Prince Kropotkin estimated that Great Britain with intensive cultivation could support a population of 90,000,000.

We have made great strides since then. Professor O. W. Willcox, formerly consulting Agrobiologist of the Iowa State College, believes that enough food to feed New York City (the most densely-packed city in the world) could be grown on a farm not much bigger than New York City itself with the labour of only 6,500 men.

Between 1913 and 1928 the world's food production increased by 16 per cent.

When looking at this figure you must remember that all the while countries are deliberately *restricting* their crops so as not to produce more than they can sell.

A report by the Royal Bank of Canada says that the wheat area sown in Canada last year was 2,000,000 acres less than in the year before, while Australia reduced her crop by 37,000,000 bushels. Argentina sowed about 1,000,000 acres less, and both France and Italy have now promised to reduce their crops.

In spite of an international agreement between twenty-one countries to cut down wheat supplies, the world's wheat stocks last crop year actually increased!

Food of all kinds is destroyed. Last year, for instance, large quantities of milk, from cows landed at Merklands Wharf, Glasgow, were thrown into the Clyde by order of the Ministry of Agriculture, and Southend fishermen sold fish for manure at £1 a ton. Argentina burned 500,000 cattle in its incinerators. Denmark destroyed 25,000 cattle. Portugal threw away 10,000,000 gallons of wine, and Ireland poured large quantities of "surplus" beer down the gutters. In the summer of 1933 the Liverpool Fruit Association dumped a consignment of 1,500,000 oranges in the sea.

The National Coffee Department of Brazil has already burned more than 30,000,000 bags of coffee. I shall give some further examples of this wholesale destruction of food and goods in another chapter.

If we were living in a sane world, then, we should certainly all have more than enough to eat.

Now what about clothes? Cotton blouses, for instance? Lancashire's power of producing cotton goods is so enormous that she is proposing to scrap another ten million of her spindles.

Boots? In 1907, 121,000 workers in Great Britain made 8,200,000 pairs of boots and shoes, but in 1930 only 108,000 workers made 10,000,000 pairs.

Some people talk about the exhaustion caused by the War, and try to make out that we are really poor because we haven't yet recovered from it.

Yet here are all these machines waiting to pour out goods in abundance. Can it be that our raw materials are running out?

No, the boot is on the other foot. We have been busy *restricting* the output of rubber, *restricting* tin, *restricting* copper.

For instance, by 1932 the supplies of tin had been reduced to one-third of the supplies for 1929.

To reduce the cotton acreage, planters in 1933 ploughed up 19,000,000 acres, or one-quarter of the growing cotton.

Can we be short of men to do the work, then? No, it is quite the opposite. There are millions of unemployed in every industrial country.

Then how have we exhausted our power to become rich? We have not exhausted it. On the contrary, we have invented such wonderful machines and methods of producing that we could all live like lords if only we allowed our machines to work for us and found some means of distributing their output.

Whichever direction you look, you find unbounded power to produce the things wanted. Here are one or two examples at random.

Albert E. Reed & Co., Ltd., have installed the biggest paper machine in Europe. It produces paper over 250 inches wide at the rate of a thousand feet a minute.

The Imperial Paper Mills have high-speed machines for making newsprint at the rate of one mile in five and a half minutes.

In the United States in 1904 it took 1,291 hours' work to make a motor-car, but in 1923 it took 133 hours' work, and in 1929 only 92.

The Imperial Chemical Industries Plant at Billingham will make 30,000,000 gallons of petrol a year from coal.

A lamp-making machine invented in 1933 would enable the German Osram Company to supply the whole requirements of the German markets in a few weeks—if it were allowed to work as hard as it could.

But it isn't. Food is destroyed. Spindles are scrapped. Raw materials are restricted. And machinery is not allowed to work.

The late Mr. H. L. Gantt, one of the world's foremost efficiency experts, said that the efficiency of industry in the United States was barely one-twentieth of what it could be *without installing any more machinery at all.*

This was in 1919. How low is the efficiency now when over twenty million Americans are on poor law relief?

The Technocrats in America estimate that if the engineers were given a free hand they could get enough goods produced to enable each family in America to live at a £4,000-a-year standard, even if men worked only four hours a day and four days a week.

Competent British engineers have calculated that the world's requirements could easily be produced by one-quarter of the employable population working seven hours a day.

In July 1932 the Prince of Wales said : " The potential output of the existing means of production in the world is far greater than ever before. If all the employable labour were employed for a reasonable number of hours per week, the world would have at its disposal a volume of commodities and services that would enable the entire population to live on a higher level of comfort and well-being than has ever been contemplated in the rosiest terms of the social reformer. . . . The problem is largely one of distribution, using the term in its broadest sense."

It is quite obvious that everyone of us ought to be well off, but that something or other is preventing us from coming into our inheritance.

CHAPTER IV

WHERE DOES THE FAULT LIE?

WHY is this? What has gone wrong?

Some people say that most of us are poor because a few of us are rich, and that everything would come right if we shared out our incomes equally.

As a matter of fact, something like this has been done already. Since the War the rich have been taxed more heavily than in the whole of history. Taxed to death, and even after it, for over £80,000,000 a year is taken from them in death duties. But are we any better off in consequence? It doesn't seem so.

Professor Bowley, the well-known statistician, has calculated that if all our incomes were pooled and equally divided we should each have well under £200 a year. No more.

This would mean the total disappearance at once of a good many luxury industries, so that we should soon be worse off than we were before.

Other people say the trouble is that there are too many tariff barriers which restrict trade. They say we should soon be prosperous again if only we could have Free Trade in Europe, or the British Empire.

Now it so happens we have a living example of how such an ideal would work out. Each of the States of America is a country with vast and varied productive resources, and there is Free Trade between them all.

But is America prosperous? No, her present plight is the wonder of the whole world.

Nearly every-one of the popular remedies of the day is being tried out in *some* country; yet in no country is there any sign whatever of the tremendous prosperity which science and invention have made possible for us.

Two things we can be quite sure about. It is a very deeply-rooted trouble which is oppressing all industrial countries, no matter what form of government they happen to have. And it is a malady which grows acute when countries produce a lot, or have immense power to produce, and gets worse the more a country's productive capacity rises. Thus in Soviet Russia, which is fighting real scarcity, it is not yet apparent. But in America, the greatest producing nation the world has ever seen, it has reached colossal dimensions.

Suppose, now, we all kept posting letters and parcels to our friends, but only a few of them reached their destinations, what should we do? We should say that something had gone very wrong with the Postal System, and that if someone didn't do something about it quickly there would be trouble.

So when we find mountains of machinery and goods at one end (in the factories), but only a thin trickle of goods reaching *us*, the public, we can say at once that something has gone very wrong with our Industrial Despatch Department—or, in other words, the Financial System. And we have every right to kick up a row about it, even if we don't understand Finance.

It doesn't deliver the goods.

Why doesn't it deliver the goods?

It was an engineer who first put his finger on the reason why. His name is Major C. H. Douglas, and he made his discovery soon after the War, when he was sent down to the Royal Aircraft Factory at Farnborough to clear up the muddle into which this concern had got its accounts.

He introduced costing methods which were so effective that before long he actually got out the figures for payments and the figures for costs at the same time.

This led him to notice that at the end of every week the total amount of wages, salaries and profits paid out to the workers, staff and Government was always less than the total prices of the goods produced by the Works.

Struck with this obvious fact, which nobody seems to have noticed before, he collected information from over one hundred large businesses in Great Britain and found that it was always the same.

Each week the wages, salaries and dividends (including profits), added together, were less than the prices of goods manufactured.

Now the product of any factory may be thought of as something which the public *ought* to be able to buy, even if it is an intermediate product like leather which passes on to be made into boots. Because *somebody* in Great Britain should be able to buy these things, otherwise they will be owed for. That is obvious.

But by adding all the factories together it is clear from Major Douglas's discovery that all the people in Great Britain who earn wages, draw salaries or receive dividends —and this means all of us—cannot buy what Great Britain's industries produce.

The Financial System is so constructed that no nation can ever buy all it produces!

There is a Gap between what we can produce and what we can buy—a big Gap which increases with the increase of machinery.

Let me put it in another way. Every factory which makes boots pours out a stream of boots and also a stream of money into people's pockets. (It doesn't *make* money, but lets money flow through it unchanged like a mill-race.)

Now if Finance worked properly the stream of boots and the stream of money into people's pockets would exactly match one another. I mean, if the factory turned out a pair of boots priced at 12s. 6d. every two minutes, then it would also pay out wages, salaries and dividends at the rate of 12s. 6d. every two minutes to its own workers, staff and shareholders.

But it doesn't. It can't.

This is the mechanical defect which turns the whole world topsy-turvy. It makes us poor when we ought to be rich. It enslaves us to the Power of Money when we ought to be free. It forces us to go to war when we long for peace. It condemns us to life-long toil when we ought to be enjoying leisure.

But—it is the mainspring of the immense power wielded by the men who control Finance. It supports the greatest hidden tyranny the world has ever known!

The whole of the Western World is completely and hopelessly in debt to its banks. Our debt to them is increasing by leaps and bounds every year.

They own us lock, stock and barrel, and they force us to live under a system which is making slaves and paupers of us.

When Major Douglas made his discovery sixteen years ago and realized what it meant, he tried to get these facts made known, and also how the Gap could be bridged without depriving anyone of a penny. He showed how poverty could be abolished for ever.

But he soon found out what he was up against! Newspapers depend on their advertisers. Advertisers depend on Finance. And Finance at once decided to fight

Douglas with Silence. After that, nothing about his discovery was published in the Press.

Years passed, and history began to fight on his side. Somebody once remarked that it was a curious thing how facts behaved as if they were in the pay of Douglas.

The greater the world's productive power became, the greater became the Gap ; and so the worse things grew —just as he had foreseen.

Some of our Dominions began to take an interest in Social Credit (as Major Douglas's proposals are sometimes called)—Australia, New Zealand, Canada, Alberta. America took notice, too.

Now to-day tens of thousands in New Zealand are said to be in favour of the proposals ; Australia has fought elections on this issue, and Alberta is hoping to apply the remedies (which we shall come to later) before the end of this year. In fact, Major Douglas has just gone over by request to advise the Albertan Government.

As to Europe, there is scarcely a country which is not taking an interest in the new ideas. Earlier this year, Major Douglas gave a lecture in Norway before King Haakon and some of his Ministers.

Within a very short time now this question of whether we shall claim our rightful inheritance of wealth, or continue being made poor artificially will probably split the world in two.

So now let us see exactly what these proposals are.

CHAPTER V

WHAT IS MONEY?

BEFORE we can go into the proposals we shall have to get a clear idea about money. What *is* money exactly?

It is anything whatever which no one will refuse in payment to him for goods or work.

Many forms of money have been used at one time or another. For instance, skins of animals, tobacco, sheep, cattle, shells, and even teeth of whales. But to-day in Great Britain we use only three forms of money: coins, notes and bank credit.

Now the first thing to notice is that coins and notes are only the small change of the nation's money. For according to the Banks' Clearing House Report of 1933, only eighteen shillings-worth of accounts in every £100 was settled by coins and notes, whereas £99 2s. 0d. worth was settled by cheques—that is, by bank credit.

The next thing we want to know is, who manufactures this money, and how?

Well, there are three people who manufacture money. The first is the Head of His Majesty's Mint, who takes his orders from the Treasury. His job is to make coins.

Then there is the gentleman who manufactures coins and notes without anybody's permission and sometimes has his photograph in *John Bull*.

And finally there are the banks, who manufacture far and away the greater part of our money and call it bank credit.

Obviously it is this bank credit which is the really important thing. If we can understand how this is created and exactly what happens to it afterwards, we shall probably be getting very near the heart of the whole money problem.

Let us begin with the Bank of England.

The Bank of England was founded in 1694 to lend a sum of £1,200,000 to William III who had got into difficulties. It began as a private institution and it remains a private institution to this day.

It adopted the practice, which had been invented by the goldsmiths, of handing its customers paper notes in exchange for the cash which they deposited in the Bank. Since these notes could be exchanged for cash whenever the customer wished, they became money.

Soon the Bank began to lend the Government some of its gold and to issue further notes up to the amounts which the Government owed it. Thus, if the Bank had £10,000 of gold in its vaults, it could first of all issue £10,000 in notes; then it could lend the Government £5,000 of its gold and issue another £5,000 in notes on the Government's guarantees.

In this way it had manufactured £5,000 of new money.

After a while it decided to go one better than this. Noticing that its customers very rarely removed their gold, it found that it could issue, say, £100,000 of paper notes for each £10,000 of gold deposits.

Later when the Industrial Revolution came, trade increased so rapidly that the joint-stock banks asked leave to do the same thing and were allowed to do so.

Finally the whole business was defined and centralized in the Bank Charter Act of 1844, which is still in force, while the joint stock banks discovered that they could go on creating and issuing money by using cheques.

So it was that the nation handed over its sovereign power of creating and issuing its money to a private concern, and for more than two hundred years, by common consent, the banks have been able to carry on their game of bluff.

By this I mean their game of issuing money (notes and bank credit), all of which is supposed to be " backed " by gold, but isn't.

Well, one day their bluff was called. In 1914 we suddenly declared war, and instantly thousands of people rushed to their banks and demanded gold in exchange for their deposits.

What happened then? There was nothing like enough gold to pay everybody who asked for it, so the Bank of England closed its doors and declared a moratorium. It then flew to the Government and persuaded it to issue Treasury notes, which it could give the public instead of gold.

Now nobody pretended that these new Treasury notes could be exchanged for gold. Their value depended on something far better than this—namely, on the nation's Real Credit, which may be described as our power and willingness to " deliver the goods."

It goes without saying that our Government was the proper authority to issue these notes, because rightfully they belonged to the nation. But it didn't. On the contrary, the Bank claimed this right—and got it.

Far worse followed. Enormous sums of money were soon needed to pay for the War. How were they raised? In this way. War Loans were floated. A small proportion of them was taken up by private investors, who were encouraged with liberal over-drafts (that is, money created by the banks), while by far the greater part was subscribed by the banks and financial houses, who paid *simply by writing drafts on themselves!* In other words, by creating money out of thin air on *our* (the nation's) security.

(All this can be confirmed by referring to the Cunliffe Report on Currency and Foreign Exchanges, 1918.)

At the present moment about 70 per cent. of the whole War Debt is owned by the banks, the financial houses and the insurance companies (who, as we shall see later, are the banks' collectors).

Altogether we spent about £8,000,000,000 on the War. The bulk of this money was created by the banks on *our* Real Credit, and then kindly *lent* to us (who are really the owners of it) at handsome rates of interest. In fact, we are still paying round about three hundred million pounds a year in interest for this priviledge, and are supposed eventually to repay the whole "loan" of our own property!

There is nothing unique about this particular deal. The banks are treating us like this all the time. It is just the way the Financial System works.

Now since if you and everyone else realized how we are being treated, there would probably be a revolution, the banks take great pains to throw dust in our eyes—especially about how they create money. This year (1935) for instance, at least one bank chairman has been telling us that the banks simply look after their clients' savings.

To show you that this is a flat lie I had better quote one or two authorities on the subject.

Mr. R. G. Hawtrey, Assistant Secretary to the Treasury, says: "Banks create credit. It is a mistake to suppose that bank credit is created to any important extent by the payment of money into the banks."

The *Encyclopædia Britannica* says: "Banks lend by creating credit ; they create the means of payment out of nothing."

And the Right Hon. Reginald McKenna, chairman of the Midland Bank, said in January, 1925 : "I am afraid the ordinary citizen will not like to be told that the banks or the Bank of England can create or destroy money. . . . We do not like to hear that some private institution can create it at pleasure. It conjures up a picture of an autocratic and irresponsible body which by some black art of its own contriving can increase or diminish wealth and presumably make a great deal of profit in the process."

It is quite true that the banks do make very heavy profits, only a very small part of which they distribute in the form of dividends. Look at the corner sites they own! Their hidden reserves are enormous. But unfortunately for us, they are after bigger game than mere profits.

Another year Mr. McKenna said : ". . . they who control the credit of the nation direct the policy of governments, and hold in the hollow of their hands the destiny of the people."

This puts the whole thing in a nutshell. There have been men who for a few months have controlled wheat, petrol, or some other commodity by cornering it, and while the "corner" lasted they have wielded great power. But what is this compared with the *permanent* cornering of a nation's financial credit, or money?

A nation's money supply is like a man's blood supply. By controlling it you could ensure health or illness. Money is the life-blood of society—too much blood produces apoplexy, too little, anæmia. To-day we have financial apoplexy on the part of the financiers and financial anæmia among the rest of us.

Money is the key to almost everything we do. Think of what happens to you from the moment you get up in the morning to the moment you go to bed, and *why* it happens. You will see that money (or lack of it) is influencing you all the time.

The life of each one of us is at the mercy of those who control the nation's money supply, and we should trust nobody with so vital a matter except ourselves, the nation.

But we have handed over our money factory to a private institution which snaps its fingers in our faces and has each government completely in its pocket. Other countries have done exactly the same. Is it any wonder that the world is in a mess ?

CHAPTER VI

MOUNTAINS OF DEBT

THE bankers, then, control the nation's economic life. They issue money to us in the following way. A manufacturer, wishing to start or extend business, goes to his banker and asks him for a loan of, say, £100,000. The banker either agrees or refuses.

He agrees if the manufacturer can persuade him that he will be able to pay back the money and a bit more too, and he refuses if the manufacturer can't persuade him.

The question of whether the manufacturer is going to make something the nation needs, such as houses for slum dwellers, or something which the nation does *not* wish for, such as machine guns for an enemy country, has nothing whatever to do with it.

Bankers treat each case on its merits, purely as a matter of Finance. Whether it is going to be constructive or destructive doesn't interest them.

Having got his £100,000 to start making, shall we say motor-cars, the manufacturer buys a factory, plant, a stock of raw materials and various other oddments which he needs for producing.

Suppose, now, he spends £70,000 on all this and pays out his remaining £30,000 in wages to his employees and salaries to his staff. And finally suppose he is able to pay his shareholders a dividend of 10 per cent. on this outlay—that is, £10,000.

Then the money he has distributed to all the people concerned with his business—namely, wages to his employees, salaries to his staff and dividends to his shareholders—amounts to £30,000 plus £10,000, which is £40,000.

But the cars he has sold during this period must have sold for at least this £40,000 plus the £70,000 spent on machinery, raw materials and oddments. Therefore it is quite impossible for his employees, staff and shareholders (himself included) to buy these cars with the money they have received.

In just the same way, it would be quite impossible for the employees, staff and shareholders of the steel firm supplying him his raw material, and for the machinery-manufacturing firm supplying him his machinery to buy *their* production with the money *they* have received.

So since no money comes to us from the money factories (banks) except through industry, and since every factory in Great Britain is in exactly the same boat : by adding them all together it is clear that we, the public, are unable to buy more than a fraction of our own products.

You may object that we don't need to buy steel bars and machinery because we don't use them. No, but *somebody* should be able to buy them, otherwise they will be owed for ; and if they are owed for, money which should go towards buying things in shops will be used for buying *them*. And this is exactly what does happen.

There is another thing which makes matters still worse. There wouldn't be enough money in our pockets to buy our own output even if we used all that we could. But we don't. We re-invest a good deal of our money in fresh production, lock up hundreds of millions more in savings, and pay away further sums to the banks, as interest and bank charges.

Let me try to illustrate the position by a fairy story. Imagine a slave-state which is entirely at the mercy of its priests, who allow nobody to marry (so as to produce more workers) without a marriage licence issued by them.

Suppose that in return for each marriage licence a man has to guarantee the priests a lifetime's work for each child he has, no matter what sex it happens to be.

Then if he has two boys and three girls, he owes five lives of work. But as the girls always marry and are unable to work, this means that he is three short on his account.

Suppose, however, that he is able to play the heavy grandfather and annex the services of three of his grandsons—say one son of each of his daughters. *His* account will then be square, but by squaring his own account he has added to the difficulties of his sons-in-law, each of whom has to render a similar account to the priests. So they in their turn pledge the services of *their* grandsons, or great-grandsons.

If the priests agree to carry the debt forward from generation to generation, the whole population would fall into hopeless and quite irrepayable debt; and because the people couldn't pay up, the priests would probably become more tyrannous than ever.

Somebody might argue with them and say: "Why do you count in the daughters? You know you are demanding the impossible."

They might reply: "Not at all, it is quite fair to count in the daughters because their fathers will be able to call upon the services of the sons they bear."

In much the same way the bankers tell us that we always get enough money distributed to us to pay for everything some time or other. The fact that the total of prices is increasing faster than the total of incomes (just as the total of sons and daughters added together must increase faster than the total of sons alone) is entirely ignored.

Looking at it another way, the daughters represent productive apparatus—machines and plant.

The more daughters that are born, the quicker the population will fall into debt to the priests.

So, in our case to-day, the more machinery we use, the wider grows the Gap, and the quicker we fall into debt to the banks.

I think you will see the reason for this if you imagine a firm which employs men to pick blackberries and sell them in the street. In this case nearly all the capital could be spent on wages, which would almost enable the employees and shareholders to buy their blackberries at whatever price they were sold.

The only part of the capital to go elsewhere would be whatever was spent on baskets, so in this case the Gap would be very small. If all businesses required very little raw material or machinery (as they did in the old days of handicrafts) the nation would be more nearly able to buy its own output. On the other hand, when huge factories and expensive plant are used, the Gap becomes very large and the System works much worse. Look at America!

Unfortunately for us, nearly everything is tending to make the Gap grow wider.

First we cannot stop the progress of Science, and secondly the bankers are becoming chary of granting loans to manufacturers who wish to turn out consumable goods. They know only too well that they (the manufacturers) may not be able to sell these goods and so will not be able to repay them their loans.

So they say : "No, we won't lend you any money to produce food which people can't buy, but we *will* lend you some to build a factory, because if you default we can step in and take it over."

And this is what they actually do. At the present moment somewhere about 70 to 75 per cent. of all the tangible property in Great Britain is held by the banks, either provisionally or absolutely.

Look at it in another way. In the old days, when men worked more or less as individuals, one man used to exchange the fruits of his work for the fruits of another man's work. It was just barter, and money was used to make the barter easier.

But now it is quite different. There is a gigantic pool of wealth—an enormous reservoir of goods and services, and the ability to produce and deliver more—which is contributed to by the whole nation organized in groups, and by the brains of many generations before us. Each of us draws something out of this reservoir, and money is the ticket which enables us to do the drawing.

Now this reservoir of wealth is fed by the efforts of millions of individual workers, plus a very big Something Else, which is our accumulated scientific knowledge, our mechanical inventions, our technical skill, our industrial organization, and so forth, handed down and developed from generation to generation.

Our money tickets enable us to draw out our share of the wealth represented by our individual work, but it does *not* let us draw on the gigantic Something Else. And to make things worse, our individual work is quickly shrinking to a mere nothing compared with the Something Else.

That is how the Money System cheats us of our inheritance.

I have used the word "ticket." When you go to a cinema you are handed a ticket which gives you a claim on a seat. In the same way a £1 note gives you a claim on £1 worth of goods or services.

The cinema ticket costs practically nothing to make, and neither does the £1 note. Nobody ever heard of a cinema turning people away at the door because it had not printed enough tickets. Provided it had enough seats, tickets simply wouldn't count.

But with money tickets it is quite different. We have the goods in plenty, and we have millions of people crying out for them. But our ticket-issuing department has turned Bolshie and taken charge of the whole concern.

It tells us that somewhere and somehow there are always just the right number of tickets issued to buy the goods on sale. When a man grows a bushel of potatoes, in some mysterious way a corresponding quantity of money is supposed to grow also.

Now if we really are getting enough money distributed to us, then the whole Financial System is sound and workable, and it is all the time paying its way.

But if we are *not* getting enough money, we must be borrowing more and more from the banks to make up the difference.

Which way is it? We are falling headlong into debt to them!

Take America. In 1932, American industries owed the banks a total of two hundred and fifteen thousand million dollars.

Take the whole world. Professor Rautenstrauch, of Colombia University, calculates that in the seventeenth century the world's total debt to the banks increased by 47 per cent. In the eighteenth century it increased 466 per cent. In the nineteenth century it increased 12,000 per cent. And to-day it is increasing at such a breakneck pace that to put it in figures would mean nothing except to a mathematician!

There is just one thing more to notice about this money business. Banks create money out of nothing, in the form of loans. When the loans are repaid, the money goes out of existence like a puff of smoke.

Now if the banks in every country succeeded in calling in all their loans and overdrafts, there would not be one single penny left in the wide world, and the whole of Industry would come to a full stop.

CHAPTER VII

THE FINANCIAL OCTOPUS

FINANCE, then, is a system of world tyranny. It rules with a rod of iron—or perhaps gold would be a better word. Its chiefs are all astute men who act quickly, talk little and know exactly what they want and how to get it. Its kingdom is highly organized and strongly entrenched. And as the years go by, nearly all the important legislation in the world has one object in view : to make the world safe for bankers.

Two of the rocks on which Finance is built are Taxation and the Balanced Budget.

Now modern taxation is simply an ingenious device for concentrating financial power. It also has the effect of still further reducing the supply of money in our pockets, and since a banker deals in money in just the same way as a butcher deals in meat, namely, as a commodity, it " puts up his stock."

Take the £8,000,000,000 which was filched from us, subscribed in War Loans and paid out, mostly, to our own people for their War services. These War services have been performed long ago, so these loans represent simply claims on the future activities of ourselves and our descendants. If they were distributed equally, so that we each held £50 worth of War Loan, *they would simply be licences for us to work.*

But as I have explained, Finance now holds at least 70 per cent. of them (having sold out the balance of its original holding) and it got them fraudulently by creating money on *our* credit. So instead of licences to work, they are actually a means of transferring enormous bulks of money out of our hands to Finance.

The method by which this forced transfer takes place is taxation. Taxation, in fact, is the business of making us pay through the nose for the use of our own credit, and it springs from the absurd habit of regarding our wealth (namely licences to work, backed by workers) as our debt. I am afraid it is just legalized robbery.

Robbery with a big R. Since 1919 we have paid in taxes a sum exceeding the total amount of the National Debt; yet far from being wiped out, the National Debt has actually *increased* by five hundred million pounds!

In a lesser degree the insurance companies are doing much the same thing. They are drawing money out of our pockets, concentrating it in a very few hands, and paying very little of it back to us. So Finance finds them useful as collectors.

The whole working principle of Finance is that it creates an artificial scarcity of money, and at the same time gives to an international organization of bankers and financiers the sole power to relieve this scarcity.

This, of course, is equivalent to holding up the entire civilized world at the point of a gun. All the "rackets" in America are nothing to it. Finance controls the Press, the Radio and the Front Benches in the House of Commons; it dictates to capitalists, moulds culture and education to suit its own ends, suppresses criticism, organizes world-wide propaganda through professors of economics and others, whose bread and butter depends on their patrons, and sets up or overthrows governments at will.

As to the majority of us, the workers, it takes good care that we are kept too hard at work and too hard up to think much about it.

For many a long year it has played off Capital against Labour. It welcomed strikes and lock-outs because these prevented us from looking elsewhere for the villain of the piece.

Now it is looking on quite unmoved at the various proposals put forward by Conservatives, Liberals and Socialists. Not one of them would affect Finance. No, not even nationalization of the banks, for this would not alter the *system*, which is the power that Finance rests upon. In fact, it would actually increase the power of Finance by centralizing power still further.

Now in case you think I am exaggerating, let me give you an example of what Finance can do.

Some few years after the War, Austria, a beaten country, dared to try some novel experiments which cut right across the sacred rules of taxation and balanced budgets.

Her government tried the plan of *giving* her merchants and others sums of money on condition that they reduced the prices of their goods. This was done especially in the case of primary necessities, such as food.

Well, the results were very remarkable. There was no inflation (inflation means more money, followed by higher prices, followed by still more money, followed by still higher prices, like a puppy chasing its own tail). On the contrary, things looked up to such an extent that foreign visitors were amazed.

Colonel Repington, who was sent out there, reported that new and enlarged industries were springing up everywhere, that the papers were full of advertisements, that farming was rapidly improving, and that loaves of bread which cost the State sixty kronen were being sold in the shops for only nine kronen.

Everywhere people were becoming happy and prosperous, but the Austrian budget was *not* being balanced. The man in the street was on the up grade, but the rulse of Sound Finance were being broken.

Then Finance got busy. Here was somebody getting out of hand. Something must be done about it at once.

So the League of Nations, which is always a most useful tool for Finance, was called in to float an international loan to " save " Austria.

The League acted as bum-bailiff for the bankers. Austria was forced to open her national finances for inspection and supervision, re-establish the central bank monopoly of money and balance her budget by heavy taxation.

She was forced to deflate—that is, to reduce the amount of her money in circulation—just as *we* were forced to deflate in 1925. And the consequences were just the same, namely, lower incomes, still higher taxes, and stagnation of industry. Bankruptcies rose rapidly, and according to *The Times* suicides increased by 88 per cent.!

All this resulted eventually in the Austrian rebellion of 1934, which was a desperate attempt to escape from the shackles of Finance. But it was crushed, and Austria remains enslaved to this day.

Then there is Newfoundland, our oldest overseas dependency. The international moneylenders urged loans upon her, waited until her finances had got into a thorough muddle, and then persuaded (or forced) the British Government to deprive Newfoundland of her status as a self-governing dominion.

She is now governed by a commission of six, appointed by Great Britain and no doubt chosen by Mr. Montagu

Norman. There has been a great deal of unrest ever since, and the Newfoundlanders complain that they are being given food no better than the food Englishmen give their cattle. Elaborate attempts have been made to hush the matter up.

There was also the crisis of 1931, when the Labour Government had been breaking some of the sacred rules. Out it went, and we now have a so-called "National" Government which may be described as 100 per cent. Sound Finance. We are being taxed directly at least twice as heavily as any other nation on earth, and sixteen times as heavily as before the War. Every year we pay at least 135 million pounds Excise Taxes in higher prices for our tobacco, spirits, and so on. To read the newspapers you might think we are too poor to do more than just keep ourselves alive.

Perhaps you may argue that we have a Treasury, and that it is *this* which controls our finances, not the Bank of England. But, as Mr. Montagu Norman has truly said, the Bank and the Treasury are like Tweedledum and Tweedledee. They agree perfectly about nearly everything, and uphold exactly the same system. When they do have a quarrel, the Bank always gets its own way by pointing to a Monstrous Crow, which it calls "Loss of Confidence." And as the years go by, each government listens more and more attentively to the Bank and less and less attentively to us, the people.

Democracy, in fact, is just a sham. We are ruled by men whom we don't elect and cannot sack.

Finance, too, is rapidly digging itself in and extending its power. The Bank of England has for several years been fortifying its vaults so that it is now very much like a fortress.

The Bank of France has vaults carved out of the solid rock under a subterranean lake. It could be supercharged with high-pressure steam or poison gas at a few minutes' notice, and by pressing a button, intruders could be dropped through a trap-door and drowned. It is proof against the biggest aerial bombs and the heaviest artillery bombardment in the world.

All this is a symbol of what is happening behind the scenes. Since the Armistice, twenty-eight new Central Banks have been formed in twenty-eight different countries, *all of which are entirely outside the control of those countries' governments.*

The whole forms a closely-organized international network, and presiding over them is the super-central bank at Basle, called the Bank for International Settlements.

This bank of banks acts as the supreme regulator of the world's money supplies. It is the very Throne and Sceptre of the Financial Power, which, unless we revolt against it, will very shortly make us powerless to revolt at all.

CHAPTER VIII

MAN AND THE MACHINE

IN the last chapter I pointed out that Finance takes good care to keep most of us hard up and hard at work. There is not much difficulty about keeping us hard up, but when it comes to work, the System upheld by Finance encounters an awkward snag.

For machines are rapidly taking over the work of men. I have already given a few examples, but I should like to give you some more.

Automatic stokers are now employed everywhere for furnaces of gas-works, electric power stations, etc.

In 1933 the old Beckton gas-works, which employed 6,500 men, was replaced by an up-to-date plant which has double the output and needs only half the labour.

The *Daily Express* described an invention which enables a shoe firm to manufacture 10,000 pairs of shoes a week with only four men and one or two operators for odd jobs.

The *Sunday Dispatch* mentioned a Post Office sorting machine which sorts 200,000 letters a day, which is many times as fast as hand sorting.

At the Royal Agricultural Show, at Derby, there was exhibited a " Gyrotiller," which ploughs from 8 to 20 inches deep, and varies in power from 800 to 1,500 man-power ; an automatic machine which plants six rows of seeds at once ; and machines for planting and digging potatoes, distributing superphosphates and manure over the land, and for shredding vegetables.

Although production in the German furniture industry in 1933 was nearly up to the record production of 1928-29, the percentage increase in output was four times the percentage increase in employment.

The automatic loom used in Japan enables one weaver to watch between thirty and fifty looms.

Sparrow, Hardwick & Co., a Manchester firm, have a conveyor-belt equipment, with nine machinists each side, which turns out a finished shirt every minute.

In the Austin Motor Works the labour required per car made in 1922 was just about seven times the labour required per car made in 1934.

According to the *Sunday Express*, one of the Big Five banks has installed a machine like a mammoth typewriter, with levers instead of keys. It is operated by one girl, and does the work of sixty bank clerks.

At the annual meeting of the Miners' Federation in 1935, the president said that 10,000 men had been displaced by machinery. Between 45 and 48 per cent. of the coal is now cut by machines.

The *Daily Telegraph* reports "A mechanical coal-cutter and loader which, in the opinion of experts, may revolutionize the coal industry. It not only cuts coal, but loads it for conveyance and enables six men to carry out the work formerly done by 100 experienced colliers." A collier can shovel from eight to fifteen tons a day, but this cutter and loader can load two tons a minute.

Mr. J. H. Deventer, editor of the *Iron Age*, says that in 1879 41,695 men produced 3,070,875 tons of pig iron in the U.S.A., but in 1929 24,960 men produced 42,613,983 tons.

In 1926 the president of the U.S. Chamber of Commerce said:

"One man, with one bottle-making machine, replaces fifty-four men.

" Two men, with one coal-conveyor, replace fifty men.

" One man, with one window-glass machine, replaces twenty men.

" One man, with one cigarette-wrapping machine, replaces 100 men."

The New York correspondent of the *News-Chronicle* of February 9, 1935, says : " A startling report to President Roosevelt by a National Recovery Committee, appointed to investigate the motor-car industry, shows that since the depression started workers have been flung on the scrap-heap by tens of thousands because robots have taken their place."

In 1910, 1,250,000 tons of nitrates, for fertilizing the land, were being exported from Chile, and it was feared that the supplies might run out. But to-day more nitrates than can possibly be used are being produced from the air.

Developments in the science of public lighting by electricity have produced lamps six times as efficient as those of twenty-five years ago.

" In 1793," says *Time*, of April 22, 1935, " Eli Whitney invented a machine (for cotton picking) in which a toothed cylinder forced raw cotton through a mesh slicer, thus separating the lint from the seeds. Two years before the United States cotton crop was equivalent to 4,000 modern bales. Eight years after it was 96,000 bales. The Agricultural Administration has reduced it from 15,000,000 to 12,000,000 bales. Meanwhile, great strides were made in mechanical wheat harvesting. Threshers, reapers, combines, tractors, replaced the man with the scythe and profoundly changed the economy of the grain-growing West. But to-day the cotton crop is harvested exactly as it was when Eli Whitney invented his cotton-gin—by negroes moving between the rows of plants, plucking the fluffy balls by hand and stuffing them into huge bags which the pickers drag behind them. An average picker bags about 100 lbs. of seed-cotton a day, for which he may in good times receive as much as a dollar. . . . For eighty years men have tried to build a serviceable machine, and many a machine has been exhaustively tested. The problem of taking in all or nearly all the ripe balls without injuring green plants or gathering so much rubbish that ginning is impossible seemed insuperable. International Harvester Co. is estimated to have spent three million dollars in cotton-picking research. . . . Last week the South was abuzz with conjecture. The (new) machine has been nursed through long years of experiment by its inventor, John D. Rust and his brother Mark. The machine straddles the row of plants. Into a tunnel-like opening a line of small, smooth, revolving rods project sideways. Carried on an endless belt the rods first pass through a moistening device, then comb through the cotton-plants. Because the rods are wet the cotton sticks to them and winds itself round them. The adhering cotton is then mechanically stripped from the rods and passed into a hopper by suction. Planters wondered why the machine had not been invented before. It travelled down the rows leaving the open balls stripped and the green balls unharmed. It picked up no rubbish. In seven and a half hours it gathered as much cotton as a diligent hand-picker gathers in an eleven-week season."

To-day many a good labour-saving device is quietly " buried "—I shall give you one or two examples later—and at the same time we are kept quiet by being told that more machinery means greater production, and therefore in the long run it means more employment.

This is only partly true. Since the Industrial Revolution began, an enormous number of men have been kept busy building railways, tramways, roads, harbours, docks, factories, waterworks, gas-works, electrical power stations, and so on. But this capital development has now almost come to an end or, at any rate, slowed down considerably.

Further armies have been employed in trying to force the sales of goods, not in producing them.

At the end of 1922 there were 996,080 persons in our distributive trades, but in July 1933 there were 1,992,000. During this same period the total number of insured workers of all classes rose by 981,000. *So the distributive trades absorbed more than all the extra workers.*

But to put the matter beyond all doubt, look at these figures for America. (For the sake of simplicity I have taken the index figure of 100 for employees and production in 1914. The others are comparative.)

Year	*Factory Employees*	*Production*
1914	100	100
1919	129	147
1924	116	158
1927	115	170

During this time of Boom, production is increasing all the time while employment reaches a point where it begins to decrease.

The machine, then, is *insisting* on doing more and more of our work for us. A long line of scientists and inventors have worked truly and well, and now the fruits of their work are beginning to appear. The machine is here, offering to take over a bigger and bigger proportion of irksome toil.

Do we throw up our hats and give three hearty cheers? Not a bit of it! We are appalled, and talk most gloomily about the number of people who have been thrown out of work. Every government begins by promising to cure the " Unemployment Evil," as if it was a disease.

When Bessemer gave one of his early demonstrations and his metal sheets broke, the assembled workmen broke into loud cheers.

Engineering says : " Formerly when a piece of electric welding was undertaken it was insisted that as many workmen should be present as if the job were riveted, so that most of them attended in the capacity of spectators."

Could anything be more ridiculous ? One half of the world, the scientists and inventors, are doing their utmost to throw us out of work, while the other half is spending its time trying to *create* work, regardless of whether the work is needed or not !

If a man from Mars were to visit the earth and watch us all at work, he might inquire : " What is the object of your industry ? What are you all trying to do ? "

How should we reply ? Should we say : " We are trying to *make* work for ourselves ? "

Surely if we had any sense at all we should say : " The object of our industry is to provide ourselves with the things we want, with the least possible amount of effort."

And under a sane Financial System this is how it would be. But unfortunately for us Finance decrees : " No man shall receive any money-tickets unless he works."

Now this was quite a reasonable rule when we could only just produce enough of the things we needed if everybody worked. But now, when we have the machine to help us, it is absurd.

Listen to this : Mr. A. Quisto, of Kennington, has invented a mechanical assistant which can walk about and answer questions in several languages. The *Sunday Referee* says that several London shops will shortly be using these robots.

These mechanical shop assistants will look like men, dress like men and do the work of men. But will they be paid? Of course not. The same work will be done, but no wages will be distributed for it.

If we regard our machinery and plant as an immense army of robots, each of us has several mechanical slaves to work for him. These mechanical slaves turn out goods, but they are not paid for it. So there is not enough money in our pockets to buy these goods. Hence the Gap, which I have mentioned before.

But if things were rightly ordered we should each receive the wages of our mechanical slaves so that we could buy their produce. Finance sees to it that we don't.

These mechanical men are increasing so fast that even before the War, in the days of expanding capital development, five out of every two hundred of us were out of work. There was always a "hard core" of about 250,000 unemployed.

To-day at least two and a half millions of us (including unregistered workers) are out of work, and to save us from starving outright, Finance has to agree to its rule, "no work, no pay," being broken. We are given a dole, which is just enough to keep us alive.

While science progresses and Finance continues in its present form, by no possible chance can unemployment be "cured." In fact, there are only two courses open to us, unless we reform the Money System.

The first is to encourage labour-saving inventions until a mere handful of us are employed, while all the rest of us are on the dole.

The other is to make all machinery illegal and return to an age of Manual Labour.

CHAPTER IX

ARE WE ALL MAD?

MEANWHILE the Gap grows wider and the Financial System works worse and worse. We can't buy the things we produce, however much we need them, so we do the only other possible thing: we restrict and destroy them.

Here is the gist of a few reports from the Press during the last three years:—

American farmers throw away milk.

International plan for the destruction of cocoa.

Portugal destroys 10,000 gallons of wine.

Hungarians bathe in brandy.

Irish pour beer down the gutter.

America destroys 6,000,000 cattle.

Holland burns 15,000,000 bulbs.

America ploughs in every third row of cotton.

Cuba destroys sugar.

France fines farmers for increasing their wheat acreage.

British farmers fined £15,000 by the Potato Marketing Board for producing too many potatoes.

British farmers forced to kill their cattle too soon.

British farmers urged to feed their pigs with "surplus" milk.

The *Toronto Times* of May 24th, 1932, said: "One more bumper harvest like the last two means final and irretrievable disaster. We should therefore pray that this may be avoided."

The *Sunday Express* recently reported the following cases :—

A man being paid £800 for *not* growing hops.

Railways being paid 2s. 1d. per pig for *not* carrying pigs.

Coal miners paid for *not* producing coal.

America has reduced her wheat acreage by 100,000,000 acres in the last ten years.

Mr. Wallace, the United States Secretary for Agriculture, actually announced that the maximum tax under the Agricultural Relief Act would be levied to subsidize farmers and help to pay for a huge crop *reduction* over a period of three years.

If you or I were to start burning our possessions and throwing away our valuables, we should probably be taken away in a closed van for medical examination ; and even if we answered questions sensibly we should be kept under observation for a day or two.

But when nations start doing this, nothing of the sort happens. In fact, the newspapers talk about it as if it were the most natural thing in the world.

The Times, for instance, talks about " burdensome surpluses."

We not only destroy produce ; we restrict raw materials. There is hardly a single commodity we have not restricted in some way. In fact, the *Financial Times* remarks : " It is an ironical reflection upon our present state of civilization that the only real successes of internationalism in recent years, in the economic field, seem to consist of co-operation in reducing the supply of much-needed materials."

Another thing we do is to prevent machines and plant being used which would increase these so-called " gluts."

For instance, there exists a gravity-feed type-setter which could be worked by a girl of fourteen. But it is not used.

There is also a method of growing grass for fodder under factory conditions all the year round. This too will not be used.

The *Sunday Dispatch* of November 25, 1934, reported that a new process for wool has been withheld because if it were put on the market the woollen industry would be in chaos.

In 1933 the Bata boot factory, in Czecho-slovakia, reported that a machine had been invented which needs only to be fed with leather and thread, and without any human agency at all it will then manufacture boots and shoes all ready to wear except for the laces. This also is not on the market.

The Mechanical World says that for many years our Iron and Steel Industry has " not been able to make use of all the latest equipment and processes, a condition leading to a vicious spiral in which an industry sinks lower and lower, due to its inability, by reason of its condition, to raise new capital required for reorganization."

Nobody can say how much we are hampering the full working of the Machine, or how great its power would be if we let it work as hard as it could.

As things are, nobody pretends that we are aiming at making industry satisfy our wants. When we talk about making industry efficient, we mean making it suit the ends of Finance, which is quite a different thing.

For example, to suit Finance we have allowed a million acres to go out of cultivation since the War and have scrapped millions of cotton spindles.

This rationalization, which we have heard so much about lately, is simply a method of destroying wealth. It scraps plant and discharges men so as to supply goods at lower prices for export. It has nothing whatever to do with supplying the nation's needs.

The only time when we really did try to put the Machine into top gear was during the War. For four years we poured out munitions and other things as fast as we could, while Finance relaxed its rules a little to help us.

And just think what we managed to produce, with millions of our best producers away on the battlefields!

Twenty years have gone by now. Science has continued its advance and our powers of producing are far greater than they were even then. Given half a chance we could produce such a flow of goods as our forefathers never even dreamed of.

But Finance won't allow this. It turns our world upside down, making us destroy the very things we all need, and at the same time calls upon us to work harder just as if we were still fighting Scarcity.

It turns wealth into debt, makes nations seem poorer the richer they become, and converts our release from irksome toil into ignominious unemployment.

If you think about it you will see that there is literally nothing which Finance does not distort so that it becomes its own opposite.

It is like a distorting mirror in a Fun Fair.

CHAPTER X

THE REAL CAUSE OF WARS

I NOW come to a final set of " symptoms " which I hope will convince you once for all that the world has gone mad, or else that the Financial System under which we are forced to live is standing on its head.

These symptoms go by the name of Foreign Export Trade and Foreign Investment.

Now to begin with, nothing could be more desirable than exchanging goods (and services) which other nations want for goods (and services) which we want.

This is genuine Foreign Trade. It is simply barter, made easier by the use of money. But Foreign Trade to-day is something completely different from this.

I have shown (I hope to your satisfaction) that there is always too little money in our pockets to buy what we produce, so that there is always bound to be an Unsaleable Surplus of goods.

Attempts to overcome this difficulty are made (*a*) by " New Deals "—that is, by putting thousands of men on to making roads, harbours, docks, and so forth, so as to distribute wages without putting any more goods on the market. (In America it is estimated that payments for goods sold to the public is only about one-twelfth of the payments made for all classes of goods.) (*b*) By the banks lending us more and more (and getting us hopelessly into their debt). And (*c*) by our destroying goods.

But there is another way of getting rid of these unsaleable goods, and that is to export them. Hence the absurd spectacle of manufacturers falling over themselves to force goods out of the country—goods which millions of us would be only too glad to have for ourselves if only we had the money to buy them ; goods which we should be only too glad to exchange for other goods sent us by foreign countries, if the Financial System allowed them to come in (which it doesn't).

The real difficulty about this artificial export trade begins when it comes to these countries which take our exports paying for them. The finances of many of them won't allow them to pay in gold, and our Financial System won't allow us to accept payment in goods.

So either we reluctantly let them pay us in raw materials, which we industriously turn into finished goods for further exports, or else we have to lend them the money to pay us.

In other words, we more or less *give* them the goods. And so long as we manage to secure what Finance calls a " Favourable Balance of Trade " (more exports than imports) the bankers pat us on the back and call us good boys.

So although individual firms may benefit, or, at any rate, save themselves from bankruptcy, Export Trade helps the nation not at all. In fact, what we are really doing is trying to get rid of as much as possible of our Real Wealth—our goods and our services—and accepting as little Real Wealth as possible from our foreign competitors. The whole industrial world is playing a game of Misère !

So when Mr. Baldwin announces that things are looking up because we are now providing the natives of West Africa with bicycles, and the *Daily Express* tells us that America is lending £10,000,000 to China to enable the Chinese to eat bread which millions of Americans can't afford to buy, nobody sees anything ridiculous in it.

We are *not* told that we are selling machinery abroad at far lower prices than we can buy it at home, and that a Hindu can buy a cotton shirt from Lancashire at one-quarter the price we can buy it ourselves in a Manchester shop. Such happenings are proof positive that the Gap does exist. Nothing else can explain them.

During the last century we have exported (on balance) about seven thousand million pounds'-worth of goods, and in return we have received a great many handsomely-printed promises to pay. Half of these promises are already known to be worthless, and it is doubtful whether we shall ever get much out of the remainder, except partial repayment of our own loans.

Looked at by itself, the whole thing is fantastic. But when you remember that the object of Finance is to maintain the present System in some sort of going order and keep us all working for the sake of work, it becomes a little clearer. Our Export Trade doesn't help *us*, the people, in the very least, but it keeps us busy and prevents the System breaking down altogether.

Foreign Investments, which are closely linked with Foreign Trade, take a slightly different form. They consist simply in large blocks of our (the nation's) credit invested by bankers and financiers in countries abroad so that our " surplus " goods may be bought there. The money or credit is created by the banks in the ordinary way, and some of the bonds are afterwards sold to private investors by way of camouflage.

Finance claims that the object of Foreign Investment is to " employ " money and get interest on it. But really it is a clever device for bridging the Gap and keeping us hard at work.

Under the present conditions when it comes to paying the interest, exactly the same difficulties arise. Gold payments are often impossible, and financiers, of course are not interested in goods. The result is they usually reinvest the interest as it accumulates, and the debts swell to a fantastic size.

Now the fate of overseas investments has been most disastrous so far as we are concerned. Sir Arthur Samuel, formerly Financial Secretary to the Treasury, says : " At a cautious estimate I say we have lost not less than two thousand million pounds in overseas investments during the last sixty years . . . it is not unlikely that our loss has been much heavier, perhaps even four thousand million pounds."

Imagine what we could have done if all this lost money of ours had been spent in our own interests ! It is half of what we spent on the War. With it we could have entirely rebuilt London and all our big towns.

Yet at the annual bankers' dinner this year, Mr. Neville Chamberlain said one of the most important things needed to regain our prosperity was—a revival of overseas lending !

The World Economic Conference in 1933 was a last attempt by the Old Gang of International Moneylenders to revive their game on a world-wide scale. Luckily for us it failed.

But thanks to Mr. Montagu Norman, who controls Imperial finance, overseas lending is still kept alive in our colonies and dominions.

Canada, with a population of about 13,000,000, has a foreign debt on which she pays £90,000,000 interest a year. Australia, with a population of about 7,000,000, pays £40,000,000 a year. And New Zealand, with a population of some 2,000,000, pays £9,000,000 a year.

Since federation, Australia has paid £871,000,000 in interest alone, and to do this she has borrowed one thousand million pounds and added it to her debt!

Where is the sense in it all? Surely if these colonies of ours have security good enough to borrow money on, they have good enough security on which to advance money to themselves?

America on her lendings is owed eight hundred million dollars a year, and we on ours are owed two hundred and fifty million pounds a year. Does the public of either nation get one pennyworth of benefit out of it? No. But we are continually told that we shall never be prosperous unless we can find "credit-worthy" borrowers.

Now the truth is that this game of international lending and the sham foreign trade which is based upon it have had a long run and, thank God, are not likely to revive again to any extent.

Foreign Trade under the old City rules reached its peak in 1927. In that year our own Foreign Trade was one-quarter of our total trade, while America's was one-twentieth of hers.

By 1931 the total Foreign Trade of the world had shrunk to one-quarter of its 1927 volume, and by 1933 it had dwindled to only one-eighth. There is no sign of it reviving. Quite the contrary.

Science, you see, has advanced so quickly that even countries like India and China are finding they can make many of their own necessities. The slump has given a tremendous fillip to what is called Economic Nationalism—which means, countries becoming more economically self-contained.

Now this does not suit Finance at all, and at the present moment we are being told that no country can expect to regain prosperity unless international trade (under the old rules) is revived. Even America is asked to believe this

—America, which is already 98 per cent. self-supporting and could certainly become wholly so if she tried.

Meanwhile powers of producing are increasing rapidly in almost every part of the globe, and at the same time the few remaining markets for exports are shrinking. And so the struggle becomes intensified. We are all like dogs growing hungrier and hungrier (because our financial rulers keep us on short rations) and we snatch more and more ravenously at the few bones that are left.

For how many years has the world been searching for the real cause of wars? Nobody wants wars, yet we are all pushed into them as if by some invisible hand.

What is this invisible hand? What else but this Financial System which always forces us to behave insanely?

It is ridiculous to pretend that wars occur because of the rottenness of human nature. Every nation knows now what the last War was, and it will go to war only if a worse devil goads it on with a pitchfork.

Now a still worse devil is the dire necessity to sell goods which can't be sold at home, and so to avoid the economic chaos which (under our present financial rules) results when we fail to.

You can see the germ of war in the cut-throat competition between two rival village grocers, both desperate and on the verge of bankruptcy. You can see it in the despair which grips a man who has fallen into the clutches of a moneylender. And you can see it in the numb hopelessness of a man on the dole who feels that even the trenches were better than this endless compulsory idleness and semi-starvation.

All the Leagues and Peace Ballots in the world cannot stave off another war unless we first remove its root cause—which is a faulty Financial System.

CHAPTER XI

A FEW WORDS TO ENGLISHWOMEN

Now may I say a few words to Englishwomen?

In many ways this cruel and false Financial System makes things even worse for you than for the men. The reason is that Finance regards everyone simply as a cog in a profit-making machine. But your place in the world cannot be measured in pounds, shillings and pence.

The rule of Finance is that nobody shall receive any money except in return for certain forms of work—no matter whether this work is needed by the nation or not. So often you have to find a job or practically starve.

Destitute women (as Mrs. Cecil Chesterton has shown) are not looked after so well as destitute men in this country, so if you fail to find work your penalty is heavier?

At the same time, the men resent your getting jobs in factories and other places where they are employed, not because they are ill-natured, but because the Financial System makes them cling to their jobs desperately.

So there comes an unnatural rivalry between you and the men which sometimes amounts to sheer enmity. And this is not softened when people like Sir Herbert Austin, the motor manufacturer, declare that the Unemployment Problem could be solved if you were kept out of industry.

Meanwhile Finance makes it so extremely hard for businesses to make both ends meet that employers jump at the opportunity to cut their costs by engaging you at lower wages than men. Under a decent system few of them would wish to do this, and in any case they wouldn't have the chance ; but now Finance practically forces them to.

In many a job you are scandalously under-paid because Finance makes us believe we are a poor, poor country when all the time we are very rich. Irksome tasks, like charing, should be well paid, and under the system which I am describing in the next chapter they certainly would be.

Many of you, I think, rather than fight a grim and lonely battle for a living, marry the first man who comes along, even if you are doubtful whether he will make a good husband. And very often he doesn't.

Then when you *are* married, it must sometimes seem as if you had fallen out of the frying-pan into the fire. You may have half a dozen children, but still you have to manage with the same wages which your husband brings home.

If ever anyone is increasing the Real Wealth of the nation, you are. But nobody seems to look at it like that. The only sort of work which Finance thinks deserves a wage is producing something or other for money. Producing children doesn't fall into this class. Yet what would happen to the country if you all stopped bearing children ?

To anyone who thinks sanely, this sort of production is far and away more important than manufacturing bicycles for the natives of West Africa, and it certainly ought to be paid for. Why, people are still paid high wages for making guns and shells which may be used against us in the next war !

As things are under Finance, many of you don't even get enough nourishment during pregnancy so that you become too weak to bear the strain of childbirth. At the present moment 7,000 of you die every year in childbirth, which is a good deal more than the number of people killed on the roads.

The number of "still" births rose from 38 per thousand in 1927 to 41 per thousand in 1933.

And because of the trifling extra expenses, only a very few of you (as Mrs. Baldwin has been pointing out) are ever given an anaesthetic at the time.

And what happens when you *do* succeed in bringing children safely into the world?

"Approximately 50 per cent. of infants under six months in the poorer districts of London suffer from anaemia, due directly to malnutrition of the mother," one of the medical authorities told a *News-Chronicle* reporter.

"Mothers in poor districts save all the good food for the men and children and live on bread, margarine and tea themselves." This is from the *News-Chronicle*, June 1934.

Now the bankers and financiers tell you that this grinding poverty is necessary because we are a poverty-stricken country, scarcely able to pay our way in the world. They call upon you and your husbands to work hard, and patiently endure all that comes to you because, they say, Great Britain really isn't producing enough to make you all any better off.

And *I* say this is a wicked lie. I tell you that Great Britain has never been so rich in the whole of her history, and that all we need do is to distribute more money tickets all round (in a special way that I shall explain in the next chapter) so that we can all share this wealth.

Which of us do you believe?

You have to shop for your family. When you go shopping do you find that shopkeepers worry most about getting goods supplied them from the factories, or do they worry most about selling their goods ?

Can you imagine any order, however big—say 100 tons of sugar or biscuits—which you couldn't have delivered at your door *provided you put the money down* ?

Twenty-five years ago the burning topic was Women's Suffrage. Many of you performed the most heroic deeds to win the vote. In the end you got it, but you have not yet put it to any really effective use.

But to-day you have the chance. To-day there is something still more worth fighting for—the abolition of poverty.

Poverty, and all the grinding misery it brings with it, is now utterly unnecessary. In fact, it is so obvious that even the professors of Economics can hardly deny it. We are like people starving inside an enormous communal store crammed to the roof with food.

You demanded the vote, and you got it. By its use you can now demand the end of this artificial poverty. If you insist on it you will certainly get this too.

CHAPTER XII

PUTTING THE WORLD TO RIGHTS

WELL now (I am speaking to the general reader again), you can see pretty well what the problem is. All our wages, salaries and dividends, added together, in any period you like (say a week)—that is the incomes we receive for our services in producing goods—are never big enough to buy the goods we have produced in that week. Somehow we must have more money in our pockets *without raising the prices of goods.*

Our national wealth consists of a great reservoir fed by our individual efforts, plus a big Something Else—namely our accumulated technical skill and industrial organisation, which is our heritage from the past. The money we get doesn't allow us to draw on this Something Else. So we must arrange to have extra money in our pockets to turn this apparent difficulty into an advantage for us all.

Owing to the progress of inventions we each have five or six mechanical slaves to work for us. These mechanical slaves don't need any pay, and *we* ought to get their wages.

So we must all have more money issued to us at regular intervals free, gratis and for nothing. Not only is this our national right, but by taking it and spending it we shall be performing a most valuable service. For we shall be setting the whole of industry in motion at its proper pace and enabling it to satisfy our wants—which is just what it ought to exist for.

Where is this new money to come from? Just where the banks get it from now. Money is only tickets. When Victoria Station ran out of tickets the other day they simply wrote out some more, and this is what we can do once we have asserted our sovereign right to do it. We can create it without depriving anybody of a penny.

I feel sure that you are already shaking your head and muttering "inflation!"

Germany, you remember, once issued enormous quantities of new money, and the faster this money was issued the faster prices rose, so that a time came when it took about a million marks to buy a pound of butter.

Ever since then the bankers have been citing this as a Terrible Warning, and during the last General Election the Prime Minister waved German notes at us and said that unless we balanced our budget our notes would become equally worthless.

Now the mark fell like this because marks were issued as loans to producers at a far greater pace than goods were produced for sale.

If you can imagine the Calcutta Sweep committee suddenly issuing ten times the number of tickets without increasing the amount of the prize money, the value of these tickets would obviously fall.

Or put it in this way. Suppose there are 80,000 seats at Wembley Stadium for the Cup Final. Then there ought to be exactly 80,000 tickets. If the committee issued a million tickets, how much would each be worth? Obviously there would be a fearful muddle.

So the amount of new money we issue must be just the right amount.

Now money is rather more complicated than an ordinary ticket because it does at least two things at once, and also because it keeps on the move.

Imagine money (which is ceaselessly flowing) as a double train service from King's Cross to York, and back again.

The trains, representing money, set out as bank loans from King's Cross, and on their Down journey to York they stop at various stations where groups of people are waiting to produce goods and services.

Every time a train stops at a station on its Down journey, it makes possible a certain quantity of production—if you like by depositing fuel for power and transport.

The total of this production all over the country, namely goods produced, imported goods brought up from the docks, and additions to machinery and capital works, may be lumped together and called National Production.

On their way back, from York to King's Cross, the trains (that is the money) may be considered as reversing the process and adjusting the buying-in-shops side of the business. In other words, making possible the National Consumption : that is, the total of goods consumed, goods exported, and depreciation of machinery and capital works.

All this is done by money acting as a book-keeping system.

On the Down journey, from the bank to the consumer, money is creating costs (in the form of prices).

On the Up journey, back from the consumer to the bank, money is wiping out costs (by the settling of accounts).

Now unfortunately for this world, the costs on the Down journey are created faster than they are wiped out on the return journey. You can see this, I think, if you imagine a boot factory where the hands are paid their wages in Treasury Notes. When a £1 Note is paid out to Bill Jones on Saturday, it is entered up in the costs of boots.

Bill (or his wife) spends it in the next three days in the local shops, and after passing from hand to hand it returns to the factory owner, who this time pays it to Bert Brown, another of his hands. And for a second time this £1 is entered up in the costs of the boots.

In this way £1 Notes keep passing through the accounts of the factory, *each time increasing the costs of boots, but never increasing themselves.*

Now since the two processes (of book-keeping and making goods) are "keyed" in the same ratio, this means that wealth (goods) is being created faster than it is being consumed—much faster than it *can* be consumed under the present rules.

In fact, the Gap between making things and buying things is getting wider and wider, and what we have got to find out is how to balance up the two processes.

Evidently it is quite useless to put on more trains from King's Cross—that is to issue more loans from the banks.

What we must do is to put on more trains from York to King's Cross. That is, to issue sums of money direct to people who want to buy—to the general public, in fact.

But the question is, how much money are we to issue; or rather at what *rate* are we to issue it?

Railway companies work out their train services by examining their traffic figures over a few weeks or months and continually adjusting their *flow* of trains to the *flow* of passengers and goods.

We must do the same.

We can easily calculate the National Production and

Consumption over, say, three months, and then arrange for the rate at which costs are wiped out to be adjusted to the rate at which costs are created.

If we do this we shall rapidly bring National Consumption into line with National Production, because the two ratios are the same.

We can do it like this. The effects of the Down journey (during which costs are created) are shown in prices of goods. These (as we have seen) are increasing faster than we can wipe out costs by spending our money in the shops.

But if we lower these prices (to the buyers) by the ratio $\frac{\text{National Consumption}}{\text{National Production}}$, we shall restore the proper balance.

In fact, it will be equivalent to putting on a supplementary train service from York to King's Cross.

If we reduce the cost price of any article you like by this ratio, we shall get what is called its "Just Price."

The Just Price is what each article should be priced at in the shops if this system of ours is to work properly.

Suppose these proposals were put in force and the ratio turned out to be $\frac{3}{4}$. Then the Just Price of everything in the shops would be $\frac{3}{4}$ of its cost price.

There are various ways in which the Just Price might be applied. Perhaps it would be like this. When you went shopping you would find goods in the shops priced just as they are now. But at the end of each week or month you would present all the receipts for the goods you had bought (and also the tickets for the services you had bought, such as railway tickets) to your bank (everyone would have an account), and the bank would give you back a quarter (or whatever the National Discount might be) of the money you had paid out. It would be rather like a dividend from the Co-ops, only a far bigger one.

The banks could, of course, still be private institutions, but they would be working directly under the control of the Treasury. Their job would be to keep accounts and issue exactly the amounts of money required.

Probably some of the money (up to the full calculated amount) would be issued in this way as a National Discount, and some of it direct as National Dividends.

At the end of, say, every three months, when the National Production and Consumption had been worked out, the Just Price would be announced for the next quarter and also the amount of the National Dividend, which would be issued to every man, woman and child in the kingdom.

Now the thing I want you to notice first is this. The multiplying fraction $\frac{\text{National Consumption}}{\text{National Production}}$ is an ingenious apparatus because it not only enables us to enjoy the fruits of our labour and skill, but prevents us from living beyond our means.

For if we are producing more than we are consuming, then we shall get the benefit of a bigger National Discount and Dividend, which, of course, increases our buying powers.

But the more we manage to buy, as compared with what we produce, the smaller will grow the National Discount and Dividend, so that more of us will work longer hours, which will increase Production. In this way the two things producing and buying will be properly balanced.

The whole mechanism of the proposals is regulated by an automatic process. On the day when it is put into force, we may be certain of reaping an absolutely just reward for our labours—neither more nor less.

CHAPTER XIII

WOULD IT REALLY WORK?

Now ever since these "Social Credit" proposals were first put forward they have drawn the most enthusiastic support from some people and the most bitter opposition from others.

A good many people are naturally hostile to them because they cut right across some of their most deeply-rooted beliefs. Also when you try to undermine the biggest vested interests the world has ever known, you must expect trouble.

Finance has never been at all frightened of Socialism, because Socialism only wishes to change the administration of the System, and not the System itself. In fact, it is now quite the fashion for Professors of Economics to be Socialists!

But it has been a different story with Social Credit. About five years after the Armistice these ideas made such headway that the Institute of Bankers put up £5,000,000 to check them (and the ideas of other "misguided" monetary reformers). The big Press Associations were forbidden to mention even the name of Major Douglas, and no London newspaper was allowed to give any publicity to Social Credit whatsoever.

But in spite of all this, the ideas gradually began to spread, and since the Slump, Social Credit has won millions of converts all over the world. The Press silence has now been dropped to some extent, and the fight has developed into open warfare.

Every sort of objection you can imagine has been levelled against the proposals, and every serious attack has been completely answered by Major Douglas and his growing army of Social Crediters.

By far the commonest of the objections raised is that it would cause a rise in prices—inflation, in fact.

Now this is a very curious criticism because the issuing of the new money to us depends upon a *fall* in prices.

And if any further proof is needed, many classes of goods actually *have* been sold below cost to the public during the Slump. The difference between the actual cost to producers and the selling price had to be met first out of firms' reserves and then out of overdrafts from the banks. And prices did *not* rise.

Another objection is that there is no total shortage of money in our pockets, and that we really *can* buy all we produce. Well, the proof of the pudding is in the eating. The proposals begin with calculating the National Production and Consumption. So if we really are managing to consume what we produce, these two quantities will work out equal, and our multiplying fraction will be 1.

Some people say our Pound Sterling would fall heavily on the world's exchanges and we should be unable to buy anything from abroad.

Now, it is possible that the gentlemen who live by manipulating the world's money exchanges would try to "hammer" our Pound so as to discredit the working of a Social Credit scheme. But very soon it would be discovered that our Pound would buy *more* goods in Great Britain, not less, so there would be a demand for the Pound and these gentlemen would be "caught short," as the stockbrokers call it.

Then it is said that Social Credit could never be tried unless all nations agreed to try it simultaneously. And Great Britain (we are told) is the last country to risk it because we are hopelessly dependent on others for our food supply.

All this is just obstructive nonsense. The world will never agree, internationally, to try any scheme at all. Some single country must always be the pioneer and prove a new idea successful. Any Sovereign Power can create its own money and put Social Credit into force at once without waiting for anyone else.

If you remember, the most fantastic objections were raised to our going off the Gold Standard—and these objections came from precisely the same interested sources! It was said that the very basis of our national prosperity depended upon our clinging to gold. But after we had been forced off the Gold Standard, did any of these dreadful things happen? Not a bit of it! The ropes with which Finance has trussed us were slackened a trifle, and to that extent our sufferings were eased. A fact which the National Government has claimed credit for and put to the fullest possible use on its posters.

As to our being in danger for our food supplies, it is the present Financial System which prevents us from trying to grow our own food. Sir Charles Fielding (who was Food Controller during the War) believes we could become 100 per cent. self-supporting.

A little while ago the Fen Districts offered to supply all the potatoes we could eat if we made it worth their while. There is no difficulty about it but Finance.

Quite recently it was thought impossible for Germany to grow all the wheat she needs. But now she produces enough bread, potatoes, meat and fat to support all her 65,000,000 people.

In any case, we should have no need to produce all our own food, since we could more conveniently produce other goods to exchange for the foodstuffs which are so easily raised abroad.

The most violent objections of all to Social Credit are moral ones. Quite a lot of people seriously believe that if British working men received National Dividends they would become demoralized and refuse to do any more work.

Usually it is the people who are getting dividends themselves who say this. They admit that *they* have not been demoralized, but they think others would be!

Well, to begin with, if we all stopped work, or even if a good many of us who were needed for production stopped work, there would very soon be no National Dividend because Production would fall below Consumption and stay there until work was resumed.

Also, as you have probably discovered if you happen to have been unemployed, the boredom of being idle for months at a time is unbelievable. All normal people naturally want to do something, although, as things are now, work is often more of a trial than a pleasure.

At first, very likely, production would go ahead at such a pace that nearly all of us would be employed in industry. But very quickly our mechanical slaves would increase in numbers, and more and more of us would be set free from what I may call the world's "housekeeping work."

Now we must face this matter squarely. Many people believe in the curse of Adam—that man shall live by the sweat of his brow for evermore—but seem to regard it as a kind of left-handed blessing. They believe that men are born to be tied to the grindstone and that trouble will befall us if the Machine is allowed to set us free. Well, doctors sometimes make nasty medicines for the sort of patients who think that nice medicine can't cure them, but we need not all be imposed on like this for the sake of a silly minority.

The fact is that a new age of leisure is dawning in which production and business will no longer keep most of the world busy.

It is utterly untrue that it does us all good to be tied to the grindstone. That is simply bankers' bluff. Nearly three-quarters of the good things which the world possesses have been given to us by men who were *not* forced to live by the sweat of their brow.

I may mention, too, that the very worst incentive for making men work is the threat of poverty or starvation if they don't. Only the poorest sort of work is produced by this incentive. Just imagine if the Arsenal Football Team did *their* work simply from economic compulsion! What sort of form do you think they would show in a League match?

Under Social Credit to begin with, at all events, most of us will be working, but working shorter hours. Later on those of us who are not needed by industry will be set free (on a comfortable National Dividend) for other activities. And don't tell me there is nothing more interesting, useful and satisfying for a man to do than work in a factory or sit in an office all day long.

Once the financial barriers have been removed, the world will gradually organize itself for more leisure, which is really nothing else but the opportunity for voluntary activities.

Wars will cease (because there will no longer be any need to grab markets), poverty will be abolished, and all the miseries and tortures which poverty brings in its train will be ended. Finally we shall have more time for curing the various troubles which are not due to poverty.

This Britain of ours will become like a loving parent instead of a wicked uncle. It will be Merrie England once again.

Under Finance we are taxed, exploited and imposed upon. If working, we are just cogs in the Economic Machine. If unemployed, we are mere human surplus, pathetically poor because Finance has no use for us. If comfortably off, we are preyed upon to help pay the nation's ransom to the banks.

But under the new system we should all be shareholders in the flourishing firm of Great Britain Ltd., from which we should draw safe, and probably increasing, Dividends until the day of our death.

CHAPTER XIV

A PEEP INTO THE FUTURE

WELL now, I daresay you would like to know how it would be to live under a Social Credit system instead of under the present conditions.

Prophesying is a dangerous habit because nobody on earth can tell exactly how things will turn out. And while I am on this subject I should like to draw your attention to the prophecies of economists, journalists, politicians and so-called statesmen, who uphold the present Financial System.

Nearly everything they have foretold has proved quite wrong. You can test this for yourself by getting hold of the newspapers of about ten years ago. You will realize then that they know very little about economics, and that the things they are saying now will almost certainly turn out to be untrue.

So although I can say with absolute certainty that our daily lives will be far and away happier when we regain the control of our National Credit—every time in history that any approach towards Social Credit has been tried (before being quickly suppressed by Finance) the results have been most remarkable—I will only suggest how the details may perhaps work out.

To begin with, the change-over would come rather gradually. At first the National Dividend might be only about £25 a year per head for every man, woman and child in the kingdom. But everything would be cheaper in the shops (because of the National Discount), and there would be plenty of well-paid work for everybody.

Capital for new enterprises, if provided out of our savings, would be replaced from new credit created on the authority of the Treasury. There would be no rates or taxes to pay, and no need to pay health insurance premiums because all national services could be financed directly by the Government instead of being squeezed out of our individual earnings.

Gradually, as machines and plant became more and more efficient, our Dividends would increase, and before long a happy feeling of confidence would take the place of that fear which oppresses most of us now—the fear of losing our jobs and becoming destitute.

As things are now, we have only one apparatus (the Financial System) for giving us our incomes and making possible the production of goods. So even if we are producing more goods than we can buy ourselves, or sell to foreigners, we still have to continue forcing the production of unsaleable goods so as to get the apparatus to give us our incomes. And, of course, this is a tremendous encouragement to *waste* in all directions. In fact, some economists like Dr. Sprague have actually been recommending us to produce *superfluous* articles !

But under a sensible system the whole of our efforts would be towards saving labour, instead of making work, and producing just what we required (beginning with urgent requirements like food, and working upwards) in the most efficient way possible.

When you come to think of it, nearly all the unpleasant things we have to put up with now are due to lack of money. Slums, for instance, over-crowded houses, congested roads, dingy, smoky towns, lack of playing-fields, danger to life and limb in certain trades, lack of seaside holidays, insufficient education, prostitution, sweated labour (which still exists), noise, London fogs, discomfort of rush hours, and a thousand other things.

We have the men, materials and organization to remedy most of the evils which oppress us ; all that is lacking is the money, which can be created by a stroke of the pen.

So long have we lived in a world ruled by Finance, that we have come to regard our daily discomforts as unavoidable. But the plain truth is that *anything which is physically possible is financially possible.*

I think you will realize this best if you imagine a party of people marooned on an uninhabited island with a stock of agricultural implements which they have salvaged from their wrecked vessel. Do you mean to tell me that lack of *money* is going to prevent them from doing all that they are physically capable of doing ?

Under Social Credit we should quickly realize this, and nothing would be impossible for us provided we had the men, machines and necessary organization to do it.

One of the things that would certainly happen is a big Back-to-the-Land movement. We should colonize the land, build new and comfortable villages with every modern convenience, and, in fact, restore the old rural life which once formed the backbone of England. Since our chief aim would no longer be to manufacture cheap goods for export, we should restore the rural industries and handicrafts.

As to our towns, we should be able to rebuild them with broad avenues and open spaces, and limit their growth by belts of countryside around them. The slums would be cleared and removed for ever.

All such things are national services and they would be paid for out of the Exchequer. The money would be set aside from the National Dividend (which would be that amount smaller in consequence), and paid to workers and suppliers of materials.

Your daily life would be far pleasanter in every way. There would be no excise duties or tariffs levied on anything at all, for we should welcome any useful goods that foreigners cared to send us (work no longer being the principal aim). Your tobacco would cost you a mere fraction of what it costs you now, and the aim of every brewer would be to brew the *best* beer, not simply the most profitable.

For remember this. Finance starves us of money to such an extent that nobody can tell what goods and services we really do want. We simply have to take what we can afford. Because Finance has the control of our national credit, it can, if it likes, decide on the sorts of things which are produced.

Now the only group of people who have any right to decide on the sorts of things which are to be produced is ourselves, the public. As soon as we regain control of our national credit we can at once do this. We shall not say *how* things are to be produced—that is a job for the producer, who specializes in this department—but we *shall* be able to insist on the results we expect from him. So we may be quite sure that things like jerry-built houses, shoddy clothes and uncomfortable railway carriages will rapidly disappear.

Not only this, we shall at last have a vote which counts, instead of a vote which is so valueless that millions of us no longer take the trouble to use it. Each £1 that we spend will be a money vote and we shall soon have a very real form of dictatorship—by the buying public.

Your wife, especially, will have a far better time of it. No longer will she be a weary, dispirited drudge. Better houses and domestic labour-saving devices will soon work wonders for her. She will no longer lie awake at night wondering how to make both ends meet, or starve herself for the sake of her children.

Talking of your children, you would not be forced to take them away from school at the age of fourteen in the hope of finding jobs for them. Probably the school-leaving age would be fixed at seventeen or eighteen. They would be taught in much smaller classes, and from first to last their education would be on a far wider scale.

But I think perhaps the biggest change you would notice is the broadening of your life. Finance has put us all in strait-jackets. Our whole lives are spent on a sort of tread-mill. " We go to work to earn the bread to gain the strength to go to work to earn the bread . . . ", and so on endlessly.

What chance have we of becoming normal men and women when our pockets are empty unless our hands are full from morning to night?

Only a short time ago we were celebrating the centenary of the abolition of slavery, but are we any freer under Finance than the slaves who worked on the cotton plantations?

Britons never, never, never shall be slaves! Land of the Free!

How ironical! Can we even pretend to be free when we are deprived of our rightful heritage, the National Dividend, which is the only thing that will give us our personal liberty?

Why, we have to go on our knees and *pray* for jobs as a favour because, but for a beggarly dole, jobs are the only means whereby Finance will allow us to live at all.

CHAPTER XV

WHAT WE ARE UP AGAINST

You may be thinking : " If all this is true, why haven't these proposals been put in force years ago ? "

The answer is, because the men who hold the real power don't want any change. For Finance, it is a very good world. In everything but name, these men rule the world and they mean to go on ruling it.

I don't want you to think I am exaggerating, so before I say any more let me give you a few quotations.

His Holiness Pope Pius XI says : " Control of financial policy is control of the very life-blood of the entire economic body."

And Mr. Gladstone said : " From the time I took office as Chancellor I began to learn that the State held, in the face of the Bank and the City, an essentially false position as to finance. . . . The hinge of the whole situation was this : The Government itself was not to be a substantive power in matters of finance, but was to leave the Money Power supreme and unquestioned. In the conditions of that situation I was reluctant to acquiesce, and I began to fight against it by financial self-assertion from the first. . . . I was tenaciously opposed by the Governor and Deputy-Governor of the Bank, who had seats in Parliament, and I had the City for an antagonist on almost every occasion."

And Lenin said : " The beginning of the twentieth century marks the turning-point from the old capitalism to the new, from the domination of capital in general to the domination of Finance capital."

Now in the old days before the coming of the Machine, work was carried out much more locally and independently. But to-day, when the country is organized industrially from Land's End to John o' Groat's, work of any size is nearly always carried out by co-operative efforts. Everything in industry is much more centralized.

This gives Finance an immense pull, because money is the starting point of every co-operative effort, and Finance controls the issue of money. In fact, the more that things are centralized, the greater grows the power of Finance.

Remember, too, that human workers are rapidly losing their power in proportion as they are replaced by mechanical workers. At the same time Finance, by controlling credit, is completely overshadowing Capitalists, who only control fixed capital—under licence, from Finance. The Money Power is like a man who dominates both a mill owner and his employees by controlling the mill-stream.

Not content with power over single countries, Finance is building up and strengthening a system of world government. It is encouraging a *false* sort of internationalism and doing its best to make the whole of the Western World a single economic kingdom, over which it can rule comfortably without our even guessing it!

I have already mentioned the twenty-eight new Central Banks, which are all independent of the governments of the countries where they have been formed. These you may imagine as the tentacles of an octopus. By controlling the money supplies of nations, they control production and distribution, and the Bank for International Settlements at Basle is the head of the octopus. It is the stop-cock of the world's " mains " for money.

Then you must remember that Finance has been in the saddle for a very long time, and by controlling education and the Press, it has gradually dinned certain ideas into our heads which make us hug our chains like men who have been born into slavery.

Some eighty years ago it is on record that a number of doctors and clergymen declared that even children of five should be kept hard at work all day long in factories because it would be very bad for them if they had any leisure at all.

We may feel indignant at such opinions now, but a good many of us hold much the same idea about grown men working long hours. And Finance, of course, encourages us to think like this.

Its aim at the present moment is to make as many people as possible dependent for their living upon wages and salaries and as few as possible dependent on dividends. The reason, of course, being that it can control and enslave wage-earners far more easily than dividend-drawers.

Through crushing taxation and building up enormous financial reserves it has already produced a state of affairs where at least 95 per cent. of all the money-for-buying in Great Britain is wages and salaries, and this proportion is steadily increasing.

Finance, being in control, can decide very largely which of our public men shall rise to power. And you may be quite sure it will be those who hold views which it approves of. Public men with ambitions find they either have to accept things as they find them, or else *deaden their consciences*—which explains the appalling futility and fatuity of our so-called leaders at this moment.

Parliament is completely controlled by the Front Benches, which in their turn are dominated by Finance.

You find men like Viscount Snowden saying of the

Bank of England, which has probably caused as much suffering as the War itself, " It is perhaps the greatest moral authority in the world."

And Mr. Neville Chamberlain saying : " It is not long since an eminent statesman observed that I seemed to him always to have both eyes fixed on the City. . . . Yet surely a Chancellor of the Exchequer who turned his back on the City would miss a spectacle which ought to make the heart of every Briton swell with pride and satisfaction —the spectacle of the safest and soundest banking system in the world."

Even Mr. Churchill, when he was Chancellor, told the House that a financial measure was sounder the more disagreeable it was.

We must not be unjust to these men. Finance has done its work thoroughly, and it is almost certain that they really do believe what they say. And the same thing applies to the professors of economics whom Finance uses as loud-speakers. Most of them look upon men and women simply as material which helps (or hinders) the working of financial rules.

Nor must we suppose that the bankers are anything but well-intentioned men. Most of them, I feel sure, dislike human suffering as much as anyone else. Those in subordinate positions no doubt act quite automatically, while the controlling brains have long ago convinced themselves that they are ruling us for our own good.

Perhaps there never has been a government which didn't believe it was ruling people for their own good and that it would be a national disaster if it were overthrown.

So it is not at all surprising that Finance has never taken the slightest notice of the many suggestions which have been put forward to reform it. It doesn't care a bit if we *are* dissatisfied.

It is a Power over which we have no legal control whatever. The Members of the Court of the Bank of England are elected, or retired, without any reference to us. We are shareholders in a company whose directors continually flout us and act against our interests, paying us no dividends, and knowing perfectly well that under the present arrangements we can't remove them or call them to account.

Finance, to put it bluntly, is a dictatorship without responsibility, and even if its policy could be proved to be in our interests (which it most certainly is not) it would still be impossible to defend it.

It upholds a group of ideas which you can see at work in nearly every part of the world to-day. The core of these ideas is that man is a poor, futile creature who can never get anywhere by himself, and therefore must be put under a kind of martial law and conscripted.

The excuse given for taking away our liberties like this and " regimenting " us is the mess which Finance itself has got the world into !

Now Social Credit is absolutely opposed to all this, and if it were put into force it would bring about an exactly contrary state of affairs.

It would de-centralize, place policy in the hands of the people, and give each one of us economic liberty, which is the same thing as personal sovereignty. It would make more and more people independent through drawing dividends and found a new slave-state in which the slaves would be *machines* !

So the battle between Finance and Social Credit, which has already begun on a great many fronts, is the battle between human enslavement and true democracy, government by external force, or government by the people.

Which side are you going to back ?

CHAPTER XVI

THE WILL OF THE PEOPLE

THE idea of Social Credit has been discovered more than once in history, but each time Finance has succeeded in suppressing it. More than one civilization (the Roman Empire, for instance) has crumbled and disappeared because it failed to solve this problem of distributing its wealth.

When Rome fell, four-fifths of the wealth of Rome was in the hands of nine banking families!

Quite a number of thinkers believe that *our* civilization is doomed. And so it will be unless we can cure our money troubles. But how are we to dislodge the Financial Octopus?

Since Major Douglas first put forward his proposals, an enormous amount of instructional work has been done by the people who have studied the New Economics and grasped them.

In Great Britain there are some 100 Social Credit groups in various towns, who organize meetings and discussions. There are also the Green Shirts, the Prosperity Campaign and the League for the Abolition of Poverty, all of whom have done splendid work.

These you may compare with the Royal Engineers and the Advance Guard of our attacking force. But it was the " P.B.I." who won the War, and unless *you*—that is, the people of Great Britain—come and do a bit of fighting, I'm afraid the battle may go against us.

The next thing is, *how* can you fight?

Well, it's like this. Suppose there is a town which draws its water from a Water Supply Company which is operating under licence, and suppose this Company has got the Borough Council deeply into its debt and makes a great mystery of the complexities of water supply.

Imagine an enormous reservoir on top of the hill, brimming over with water, yet in spite of this every household gets only a pint or two a day through its taps.

When the householders (who are charged thumping water rates) complain about it, the company takes no notice whatever except to say that there is really no abundance of water at all but a shortage of it, and that householders must drink less (because it is bad for people to have too much water), and not default on their water rates.

Meanwhile there are heavy falls of rain, but instead of getting any more water through their taps, the people get still less of it, and many become seriously ill for lack of water to drink. Discontent grows, and some of the householders have a good look at the company's supply system. They find that the pipes are absurdly small, so they work out new systems, with plans and diagrams, for supplying water.

But all that the directors of the company do is to announce solemnly that supplying water is a matter for experts, and that nobody can hope to understand it except those who have been thoroughly trained in engineering.

They add that water obeys the law of gravity, and that rainfall depends upon weather cycles which no man can alter. And they end by warning everybody that if irresponsible persons monkey about with their system, the reservoir may burst and flood the town!

Members of the Borough Council, professors of engineering and editors of the Water Supply Press all take up the cry. They declare that if the company gave householders more water they would drink too much and ruin their constitutions, and that the company is the safest and soundest water supply company in the world and the admiration of the Universe.

Now what should we do if we found ourselves in the position of these householders? Should we all take courses in engineering and spend the next fifty years arguing with the company's experts? Or should we hope against hope that the Borough Council would one day come to our rescue and assert itself?

No, we should probably kick up such a rumpus as would frighten both the Council and the company.

We shouldn't stop to argue about the sizes of water pipes, or inches of rainfall. We should say to the Borough Council: "Either you get this water supply system working properly, or there's going to be trouble."

And this is exactly how we ought to talk to the Government now!

It is not for us to say *how* Finance shall be made to work properly. Nor is it for the Government to say how. That is a job for the Financial experts.

But it *is* up to us to demand certain results, namely, the distribution of the plenty which exists, as we all can see. And it is up to the Government to pass this order of ours on to Finance.

If Finance refuses to carry out our order, then we can demand that it shall be replaced by a new organization—a fresh lot of men who will deliver the goods.

Make no mistake about it, Finance knows perfectly well that it *could* deliver the goods to us if it tried. But it doesn't intend to try unless it is forced to.

There are two ways in which we can force it.

The first is to build up an army, navy and air force and fight Finance with guns and aeroplanes. This, of course, would be quite impossible, and the forces of the Crown would be quite rightly given the job of suppressing us.

The other is to use our political power as voters, and so have the Army, Navy and Air Force under our control through a Government elected to do what we want.

Now Finance has foreseen all this years ago, and it has taken very effective steps to frustrate such a move.

At political elections, if you notice, we are never given any opportunity of voting for the *results* we wish for, but only of voting for the *methods* whereby certain other things are to be achieved.

For instance, we are offered the choice between Tariffs and Free Trade, but never between carrying on under Sound Finance and abolishing poverty by a sane system of distribution. And since all three political parties are staunch supporters of the old tradition—work for the sake of work, balanced Budgets, taxation, and so on—it really makes very little difference *who* gets in.

Nor do politicians seem to have any idea what they are supposed to do for us when they are elected. They should go to Westminster to see that the various bodies of experts put into effect the policy of the people. But all they do is to foist other people's policies on us, interfere with the experts (if they can) and try to do their jobs for them. Hence the present appalling chaos.

What is the policy of the people? It is what you and I and everybody else wants, and the only thing I can think of which we *all* want is our lost heritage—a fair share of the nation's wealth.

So how about letting all arguments about methods go for the time being, and simply demanding the distribution of the nation's wealth by National Dividends? How about letting your M.P. know that he is your servant and that you and everybody else in his division wish for the abolition of poverty?

All the people best qualified to judge know that poverty could be abolished now. But until we exert our wills there is very little chance of it happening.

It's up to us.