

The SOCIAL CREDIT

REVIEW

Published by

The Social Credit Association of Manitoba

199 Osborne Street, Winnipeg

Vol. 1, 1936 - 1937



MAJOR C. H. DOUGLAS



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Selected Articles on the New Economics



Thirty-five Cents.

The Social Credit Review



Vol. 1.

1936-7.

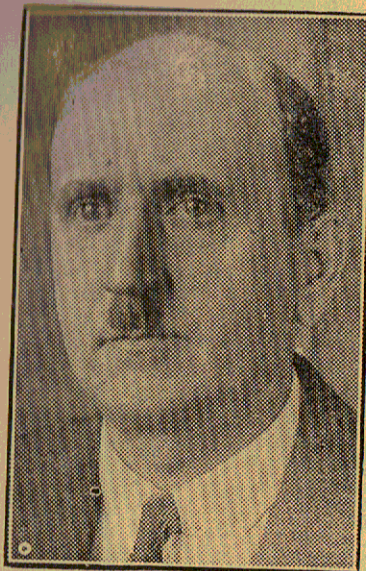
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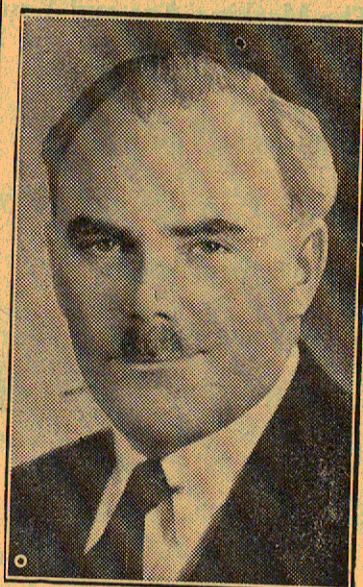
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Social Credit

A SPEECH

By

The Very Rev. HEWLETT JOHNSTON, D.D., B.Sc.

(DEAN OF CANTERBURY)



Published Under the Auspices of
THE SOCIAL CREDIT ASSOCIATION OF MANITOBA
199 OSBORNE STREET, WINNIPEG

Price Five Cents

A quota system is suggested, and the balance of sentiment favors it. Prices will rise and bookworm operate again.

In Parliament recently, we heard of small cars, duplicates of a popular English make, threatened to be sold here for 50 pounds; Japanese bicycles are already sold in India for 10s. 6d., shirts in Manchester for 6d and children's socks at 1s a dozen.

Japan's home market shows similar phenomena. An excellent pair of deerskin gloves costs 11d.; in England they would sell for 7s. 6d.

How in the world, I ask again, is it done? Is Britain really so hopelessly behind Japan in the processes of production? Is Germany? Is the United States?

Same say sweated labor is the secret, and advocate a drastic cut in wages. Japan's prosperity rests, they maintain, on the workers' misery.

Let me examine the charge. I paid a visit to Japan two years ago and learned much.

I went, after three months in China, prepared to find the worst. I went with the sounds of a Japanese bombardment of a Chinese city still in my ears, and the sight of fleeing refugees in my eyes, for I had arrived in China immediately after the attack upon Chapei.

I went fiercely critical, quick to detect the social rottenness at home, Japan's proletariat, they told me, were underpaid, underhoused, and overworked. I sought for the signs of it.

I found none. Such things may exist. They hide them very well away. I passed through Kobe and Yokohama. On foot I examined Kioto and Tokyo, penetrating the poorer quarters of those cities, and contrasted them with the wealthier suburbs of the same.

I saw, indeed, such sights as sadden English eyes in London or Manchester; but the contrast between wealth and poverty is less marked in Japan than in England, and the people who thronged the streets were not notably oppressed or overstrained; nor were the houses I scrutinized notable for squalor.

But let me proceed to call a better witness. Sir H. Austin (Longbridge Works, Birmingham), in a leader-page letter to "The Times," on November 29th of 1933, quotes one with thirty years' experience in Japan.

"The writer observes everywhere a rising standard of living. Frugal habits of a life-time, indeed, are not broken in one generation, and the Japanese are frugal still, and their standard is not yet ours; but all the Japanese live well according to their own standards."

Not very different was the report of the Lancashire delegation which went out last summer to discover why Japan could undercut British goods on the very doorstep of British mills in Lancashire.

"The Japanese, in the main, live well. They are athletic. They excel in sports. Their physique improves. They multiply at the rate of a million a year."

Last year Japan won several world records in swimming and running. She produces tennis champions. She beats the best rugby team which Canada can pit against her, and in a boxing contest with the picked men of seventeen British ships she suffered no single defeat, and knocked out half-a-dozen opponents taller and heavier than her own.

Or turn to factories. Japan operates her looms with young and vigorous women, entering the factory in general at fourteen and leaving it at twenty-three. One girl will tend twenty looms.

This may be an over-rosy story; it at least corrects the charge of "awful conditions" of Japanese labor. Wages may not be high, but we must add to the money wage the fine living quarters provided, the artistic garden surroundings, the free theatres and concert rooms, the well-equipped recreation centres, and the monthly excursion to some place of historic interest.

We can at least deny that Japanese prices-cutting rests in any peculiar way on the workers' misery.

We can deny that it rests on low wages at all.

For wages, in any event, can hardly account for so wide a difference in price when wage-costs form so small an item in total charges. I would ask those who run a modern rayon factory if their wage-costs amount to more than half of 1 per cent.

Real wages, in short, are not phenomenally low in Japan, and certainly no wage adjustment could appreciably affect the disparity between Japan's price and ours.

Japan's secret lies elsewhere.

It lies in realms of money creation, and not in realms of factory manipulation.

Japan employs her social credit, and therefore alone lies the secret of her dominance.

An assertion not, perhaps, so wild as it sounds.

Apart from the fact that no other adequate explanations ever advance to the field, let alone hold it, there is the solid fact of Japan's keen interest for many years in the social credit movement; in that movement whereby a nation creates its own money against the backing of its own real goods, and puts no toll of interest upon it. That movement which, by a proper national accountancy, estimates the real national appreciation of value and on strength of it grants a national discount, with a consequent price reduction.

Mr. Frank Lock (Rose Bay, Sydney) published, in 1919, a book on "The Nationalization of Credit," which was read and digested in Japan, represented Japan at the Disarmament Conference at Geneva in 1931. Starting on his mission in July, 1931, via America, he took with him a copy of "The Nationalization of Credit," purposing to lecture on the subject in Europe and America.

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Let me add to this.

Some years ago two Japanese gentlemen called at a London office and asked a friend of mine for information. They were economic investigators bound for Geneva to examine European economic systems. My friend presented them with copies of "Social Credit" to read by the way.

After five days they returned. They had not been to Geneva. They had no reason to go there now. "All we sought we have found here," they said, pointing to the Douglas book.

Two weeks ago Major Douglas, describing to me the remarkable tour of New Zealand, Australia, and Canada from which he had just returned, took from his shelf a red-backed volume and handed it to me; it was a Japanese edition of his work. I believe I am correct in stating that its circulation in Japan equals that in any other land.

Sir H. Austin's correspondence singles out qualities which, in his opinion, have led the Japanese to success.

They are thorough; they investigate everything, they keep an open mind.

And if Japan is applying the principal of free credit more one-sidedly than we could wish, she may have her own reasons for her action, and we need not follow her there.

Are our own public men investigating these monetary problems in a like candid manner?

Or are we, who are not one whit inferior to Japan in scientific achievement, in mechanical invention, or in the skill of our artisans, to be left hopelessly behind because we fail to master our monetary machine, or even attempt to understand it?

Years ago a novice bought a motor car, a costly car. He ran it from Manchester to Colwyn Bay, plugging himself on its performance; and the change gear from second to top, nor did his pace once fall below, even if it never rose above twenty miles an hour; yet the gear at seventy.

Let us not smile prematurely.

We, too, are novices, experimenting with a machine we as ill understand as did he. An industrial machine, new, capable, and costly. Its proper speed is seventy miles an hour. We run it on second gear at twenty. Never once have we run it on top.

Three years ago its speed decreased disastrously. Last year it went up a mile or two an hour, and we plumed ourselves on our recovery. Acting just as simply in our own way as that other novice did.

When I speak of boomlet or recovery, therefore, I feel little interest. To advance from twenty to twenty-two miles an hour is not exciting. It may even prove a soporific. Whether it lasts or not, it is utterly inadequate.

The industrial machine is capable here and now of seventy miles an hour; and every hitch in its working is costly in human life and human well-being.

And, to return to my earlier point, its achievements, in any event, are utterly inadequate. They in no way attain to what is immediately possible.

With luck, the boomlet may survive another year or even two. It cannot grow to great proportions.

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So in writing of this boomlet, I do it only to clear the ground for discussing wider possibilities.

Will the boomlet last?

It may, indeed, last a longish time if bankers omit to take their toll and delay to recall their loans. At the moment there is little to call, and overdrains are even willingly extended. The money poured out to create this minor prosperity is not yet returning with its charges.

Frightened by the disaster of blind economy, expenditure has been encouraged; domestic municipalities and corporations have been incited to restart public works. Rearmament begun at home and abroad. Houses are built on installment systems with money advanced by banks. Employment has increased.

But the loans are coming home to roost. Debts incurred today mortgage the purchasing power of tomorrow.

Mr. Walter Runciman gives significant warnings. The present prosperity, he reminds us, is solely due to the development of the home market, and that approaches, if it has not already reached, the saturation point. It can expand no further. Apart from increase in foreign trade, any more improvement is doomed.

On a wide view, things are not too rosy. Official figures show that destitution has reached its record height. Unemployment rises. And the rise is greater than the surface figures suggest. Workers in professional and clerical classes, for instance, never appear on unemployment lists; neither do youths who have never so far worked at all.

Hindrances of various kinds hamper the machine. Here is one.

A friend of mine owns some Northern farms. His rents are unpaid. A journey north reveals the cause. Gallons of milk have been produced, and the farmer receives 8d. instead of 9d. for every gallon sold. But buyers are wanting. Sales here dropped disastrously, and the upshot is loss.

Milk goes down the drains. Children go to the workhouse. Rents are unpaid. Purchasing power in effect has happened.

Once again, Civic authorities recoup themselves for money spent on public works by imposing higher rates. The assessment of a friend of mine has multiplied seven times, despite the Rating Act. As these debts are earned in purchasing power will show still further retreat; the steady reduction of the floating debt will not help to stay it.

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Productive powers today surpass belief. In face of those powers and in face of the urgent need of the things they can create, the crippling of the productive machinery is utterly disastrous, even criminal, and none the less so because it proceeds, for the most part, by unconscious processes.

Remove the hindrances, and none need want.

Why, then, I wonder, do reformers seek such narrow boons, or see salvation in minor savings effected by combined purchase, or in a paltry rise in wages? Is there even any permanence in wages at all for the whole mass of citizens in face of machinery which constantly replaces men?

Minor seekings and scrapings such as these remind me of the man with the muck-rake. We look down. We should look up. We strive for gleanings while the whole harvest awaits us.

An immense and increasing national discount off the purchase price of all commodities is immediately possible.

An increasing national dividend for every man, woman and child from birth to death is also possible.

These things are just. They give access at last to the social increment which the modern world has won by its corporate action and as its corporate inheritance.

They can be achieved without taxation.

They can be achieved also without that wreckage of valued elements of our national democratic institutions or personal liberties, which we observe and deplore in other lands.

They are desirable, for they give immediate security, remove fear, cut the tap root of acquisitive instincts, and promise to release floods of creative energy.

All of which assertions demand other articles for their justification. They are bound up with the all-to-little understood question of money; its creation, control, and distribution.

Here and now I only assert the physical possibility of discount and dividend. And what is physically possible can be made financially possible, too.

If we think in terms of things and not of money, we shall see at once how possible the dividend is.

The things and a dividend is valuable only when translated into terms of things—are already largely in existence. Things are produced in such quantities, that we are obliged to restrict and even to destroy them. The U. S. A. destroys 6,000,000 dairy cattle and 2,000,000 pigs, while it ploughs in every third row of cotton. Brazil destroys 26,000,000 bags of coffee. The Irish Free State is said to be destroying 200,000 calves at the rate of 25,000 a week. India, Ceylon, and the Dutch Indies restrict 121,000,000 lbs. of tea.

Even with machinery running at a fraction of its capacity these things accumulate. What if the machine went "all out"?

What might happen if, for a start, we set the millions of men already idle working on the machines already existing and unmanned? Would the world lack sheets or shirts? Ask

American cotton farms and Lancashire mills. Would it lack bread? Ask the Canadian prairie farmers. Would it lack clothes? Ask sheep farmers in Australia and woollen manufacturers in Yorkshire dales. And why are they not working? Because money is grievously at fault. For money is the link between production and consumption.

Power is the key to unlock the door of plenty.

Power possibilities have grown incredibly within two centuries.

In 1712 a steam engine was invented which developed fifty-six man power. In 1772 a single engine produced 765 man power. By 1871 it had grown to 20,000 man power. By the 1890's a single reciprocating engine produced 234,000 times the work of man.

Those were giant strides. This century, however, has something greater still to show. A single turbine unit working on a twenty-four-hour basis, produces 9,000,000 man power.

What may lie before us when, instead of cramping the engineer, the inventor, and the organizer, and actually threatening them with a moratorium on invention and bidding them curtail production, we give them freedom and adequate encouragement? Professor Soddy estimates that England's productive capacity has increased 4000 per cent since the advent of power and the machine. What limit can we set for the future?

Even to man the present machinery with those now unemployed would pay a heavy dividend. And machinery, can grow—how rapidly, we saw in the World War, when factories sprang up overnight, and when boys and girls and old men and women maintained us all and repaired the wastage of war, while 20,000,000 men were not only withdrawn from beneficent production but actually engaged on mass destruction.

Power increases daily. And the productive possibilities of the land, according to Sir Daniel Hall, the agriculture adviser to the Board of Agriculture, has been doubled in the last ten years.

Physically, therefore, the National Discount and the National Dividend are warranted, and long overdue.

They can, and must, be made financially possible.

Man is a born climber. Early in his career he climbed alone, running at a hill as a child runs, thinking to surmount it quickest if he outstrips his comrades.

Soon he learns better. Forsaking his individualism he combines with fellow-climbers, and the peaks fall before him.

Banded with comrades for a common goal, tied to them by a stout rope, he reaches heights impossible to single men. Not even Everest escapes him.

Curiously enough he regains what he deemed was lost. His individuality grows as individualism departs. Not only by virtue of new heights scaled and expansion of mind and vision, but also because he has found in the process freedom to develop his own peculiar gifts, be it knowledge of the weather or the way, or be it

the finger grip which, like Whympers', can travel round a room on a picture rail. Each member of the team receives what others give and gives what others lack.

Not otherwise with other masteries.

Man wins his present ampler sustenance; his food and clothing and habitation, by a similar road. Starting alone, he makes small achievements. In combination his strides lengthen.

At first he hollows his lonely log and paddles across the river from bank to bank the Channel daunts him.

Today he leaves river and Channel alike behind. He sweeps across oceans on palaces, and cleaves the heavens on giant wings.

All became possible the moment he learned to pool his resources. In the stable society we call Christian—one of whose elements is a growing approximation to real co-operation—he achieved at least sufficient leisure to explore the laws of nature and invent new modes of mastery.

And then, in this more favorable environment, one century handed on its achievement to the next; this had invented the wheel, that observes the tremble of the kettle lid and tames to his own use the expansive force of steam. And so, on and on.

Man walked out of his isolation.

Now he invariably works, in his larger operations, as member of a team.

From his hands pour forth gigantic fruits of association. Together he produces vastly more than the sum of his several individual labors. Machine and harnessed solar power, themselves the products of association, operated by further specialization, and by greater pooling of resources, recognize no limits to their productive power.

We see it everywhere if we have the will to look for it.

Take random instances.

In 1901 a single man produced 1000 letter heads an hour. It was his little miracle, wrought with a machine. Not content with that, he thought more strenuously on his problem; and then steam replaced the kick of his foot, and electricity the flash of his hand, and now one man produces 20,000 letter heads per hour.

Take the brickmaking worker. Yesterday, with simple tools, one man, in an eight-hour day, produced 450 bricks. Inventions were busy again. The modern brick-making machine was evolved and the 450 bricks grew to 320,000 for a day's output.

Take the metal worker. The ancient iron in Canterbury Cathedral commands respect. There is little enough of it, and each piece represents the sweat and labor of many men.

The centuries pass, man again plies his co-operative thinking, experimenting and toiling, until iron pours forth for rails, steamships, and tools, in an ever-increasing stream, and with ever-dimishing demand for human labor. In 1879, 41,695 men produced 3,070,875 tons of pig iron in the United States. In 1929, 24,960 men produced 42,613,983 tons; in the matter of loading two men displace a former twenty-six,

The glass worker, as an individual working in a team today, and aided by a wonderful machine co-operatively fashioned, can produce fifty-four bottles to every single one of yesterday's production.

The girl bank clerk with the automatic reckoner deals with 60,000 ledger entries in an hour, and displaces sixty other clerks.

Three employees with a machine can produce 700,000 cigarettes in a day; they displace 697 men.

Twenty-four men daily carbonize 400 tons of coal, producing 7,000,000 cubic feet of gas instead of forty-four men producing 4,000,000 cubic feet.

The principles at work here are clear enough. They need no further illustration. Association and solar power, and "the progress of the industrial arts" place incredible riches in our hands.

We are now far removed from the isolated worker. Man no longer clothes or feeds himself, hollowing his own log, ploughing his own land, sowing and reaping his own grain. Man associates with man in invention and operation, and the increment is the increment of association.

Ten men working together with inventive brain and laboring hands produce more than ten men working individually by themselves. That is manifestly true and none the less true when the ten become millions and when they include the generations which are gone as well as those which remain.

To whom, then, does this increase belong? Surely to the millions present and past and to their dependants today.

Suppose, to make the principle of justice clearer, that we return to our ten men and imagine an increase so vast as the result of association, that only two of the ten at length are needed, when the machine is perfected, to operate it and to direct the flow of goods.

To whom, then, would the goods belong? To the two who just came at the end of the process and were lucky enough to be the last undisplaced! Surely not. Surely it will belong to the whole community which gave it being. And if wages, and good wages, are paid to those who are lucky enough to be needed as workers at all, whether as organizers, inventors, or operators, the increment which comes by association belongs to the whole community and to no single individual man and no group of men.

It is, then, out of that increment of association, out of that social heritage, out of that flow of goods due to the "progress of the industrial arts," that we create the fund from which the National Discount and the National Dividend must be derived.

Justice demands it.

We are a community. We must be treated as a community. We stand or fall together. We inevitably associate in industry if we are to operate at all. The modern order which we inherit compels us to work thus or forbear. No other course is possible. Specialization is here, and is imperative. None can escape it. All are caught in the net which we have flung so wide and so far.

But when we have been torn from our footing on the soil. When we have been lured into association, and specialized in our tasks, we are left helpless and enslaved unless we are admitted to a fair share in the increment by association which has admittedly accrued.

To supply us with a mere maintenance while robbing us of our skill and individual craftsmen is to play the thief upon us.

For when man tilled his own acre, made his own shoes by himself alone, leaving others to sow, to reap, to weave, he remained a craftsman still and earned a wage. He had, however, lost his power to stand alone. His maintenance, too, was no just recompense for his lack of independence, when we reckon the increased production which his sacrifice had secured. And the lapse from justice was none the less real that he was unconscious and willing accessory to the fact of association and specialization.

But when at last he makes, not a shoe even, but its twentieth part, he has lost craft and independence alike; and when at further fast society produces a machine which makes all the twentieth parts itself without his aid at all, demanding but one here and there to touch a lever or revolve a valve, then we have robbed him of craft, independence, and livelihood alike, unless we admit him to a real share in the incredible abundance which accrues.

Injustice riches its culminating point.

And absurdity, too.

For though millions of boots pour from the manless machines they whistle in vain for wearers.

Injustice and economic folly have installed the machine.

That is the point we approach today.

And that is the ground of the demand for a National Discount and a National Dividend. In the fact of the real goods available, in the present capacity of the machine if fully employed, and still more in the potentiality of the machine if adequately encouraged, we have the physical basis of the National Discount and the National Dividend.

In the fact of present association, of the social inheritance from the past, and of the "progress of the industrial arts," which are the perquisites of no single man, nor of any group of men, we have their basis from the point of view of justice and equity.

It only remains to see how best it can be done and what control of money and method are needful for the doing.

Social Credit, National Discount, and National Dividend become household words. We read them in books and journals. We hear them over the air. They constitute vital issues in Australia, New Zealand and Canada. The time arrives to explain them.

Our Social Credit is the measure of our capacity as a community to deliver goods and services, as when and where required; the measure of our real and possible wealth. National Discount and Dividend are the means to make that wealth available.

Wealth is there. Poverty is superfluous. Physically we are rich; financially poor. We are hypnotized by talk of scarcity. If, in the war, the remainder of the population fed, clothed, and housed us all, while the manhood of the nation, withdrawn from production, were engaged in mass destruction, there is no physical reason why anyone, in days of peace, should want—especially as productive power has increased immeasurably since 1918.

Finance fools us when it bids us economize. Finance, which is the instrument of distribution, no longer enable A—say, the Kentish farmer—who makes what B—say, the Lancashire cotton operative—wants what B makes to supply each other's wants and needs. Its money tickets are lacking. We live in a foolish world.

What cinema could survive which half its thousand seats unoccupied while crowds clamored for entrance, merely explaining that tickets had run out and the printers refused further supplies? What cinema, indeed, would permit a private firm, not only to print its tickets, but to control them, to corner them and to traffic in them as well?

Our folly resembles that. Our money tickets are printed by private firms. Fountain-pen money, as costless to make as railway tickets are to print. I need not prove it. The Macmillan Report on Finance and Industry has saved me the trouble. Our money is controlled, trafficked in, and cornered by the proprietors of private banks.

We need not blame the banks; they do their work of accountancy extremely well; there is no reason why their staff should receive in the future a penny less than now; no reason, perhaps why they should even be nationalized, but every reason in the world why the power which has unwittingly slid into their hands must be regained by the community; every reason why we should create our own money and control it, the banks merely acting as our agents.

Money needs creating side by side with goods, as was the case in earliest days. When I grow a ton of potatoes, I don't grow a wad of notes beside it, but without the notes the potatoes travel only to the dumps. Or, again, when railway companies provide trains and seats they do not automatically grow equivalent number of tickets; quite deliberately they issue tickets to claim the seats and then cancel the tickets at the barriers when the journey ends. They issue tickets to serve the interests of traffic—they do not restrict the traffic to serve the interests of the tickets.

Money must be issued as goods are issued: side by side with our capacity to produce goods we must exercise our capacity to produce tickets.

No longer must quantity of goods be restricted to quantity of money available, deflecting producers from their proper job of production and forcing them, as today, to restrict output, or to destroy it.

Money, also, must reach the pockets of the consuming public. Lack of vendibility of goods springs from lack of spendibility on the part of

those who need them. Purchasing power is short. Consumers are refused access to what, as producers, they can make. Not over-production, but under-consumption is our problem. We suffer from unempayment rather than unemployment. The money stream lags behind the price stream. That is obvious fact. The reason is discovered.

In a nutshell it is this:

We try to get back in prices all the costs of production, and the money stream, issuing in the course of production—and issuing in no other way—is inadequate to the task.

Let me explain it in simplest terms. And you shall help me by asking two questions. First, at what rate are we producing the total prices of goods; at what rate does the price stream flow?

Secondly, at what rate is money produced; at what rate does the money stream flow? If money is to claim goods, money stream and price stream must flow at similar rates. To drive our car our gears must synchronize.

The general principle is not hard to grasp. Think of a single factory; one, for example, producing motor-cars—for what happens in that one factory happens in all.

The factory produces motor-cars. It also produces prices, for no car issues without its price-ticket attached. It also produces and distributes purchasing power. It issues money which reaches our pockets as buyers.

Now follow closely what happens in the factory in any one of its cycles of operation. Notice what money issues; and what prices issue.

Money issues as wages to operatives, salaries to managers, and dividends to shareholders—these, with immaterial exceptions, are the sole sources of money in the pockets of spenders. Prices also issue. Consider what it costs to produce motor-cars, and hence what prices we must put on them, or else retire from business. Obviously, we must charge up the wages, the salaries, and the dividends.

But when we have charged up these three items, we have recalled in prices of the cars all the money distributed to purchasers to acquire what they have made. If the matter rests here the rate of the streams synchronize. They flow at an equal pace. And providing no money is drawn from the pockets of the purchaser for saving or investment, then we are at least able to sell all the cars.

If, however, we add the least fragment more to our prices, unsalable cars will crowd the markets. No matter how much we wish to buy them, the wages salaries, and dividends of that cycle of operations are the only source of income, all the cars can never be sold. We must knock some item from the prices or add something from other sources to the money stream. The part can't buy the whole.

Unfortunately, however, other items must be added when the manufacturer sells a car. Take only one: the item laid aside for depreciation. This sum obviously is not spent in the present cycle of operations. It is put by for future spending—for replacement of machines or repair of factories.

Now, if into the price stream you put wages, salaries, dividends, plus charges for depreciation; and into the money stream only wages, salaries and dividends, the two streams no longer synchronize, they flow at different rates. The total of prices mounts up quicker than the total of moneys in our pocket.

That, in briefest form, is the explanation. It needs elaboration and safeguarding, and has received it. Despite misunderstanding and misrepresentation, it now wins wide recognition throughout the civilized world. As a noted economist declared recently, we must now take this, the Douglas, analysis seriously. High mathematicians give us elaborate mathematical proofs of its validity. But the best proof is patent to all. The hypothesis fits the facts. Total moneys never claim total prices; goods remain unsold; production is restricted; commodities destroyed.

Why, perhaps you ask, if all this is true does not the machine cease? The answer is simple. It would cease very rapidly unless money prices were taken out of the price stream, or new money added to the purchasing stream.

Both ways are practiced.

The first way takes place when we slow down the price stream by destroying commodities; flinging coffee into the sea, forcing bankruptcies, organizing wars; effective, but disastrous.

Again, we may add money to the purchasing stream by selling surplus goods abroad. I shall not dwell on the folly of exporting what we need and can't acquire through lack of money; I merely observe that exporting goods to foreign lands stimulates foreign manufacture. Industrialism is infectious. Cotton mills spring up in the wake of cotton exports—at Bombay, at Shanghai, at Tokio. The customer becomes the competitor, and his need for markets springs from the same cause as ours. Markets shrink as the need for them grows.

Markets we must have, and unless we find other and adequate sources for augmenting our inadequate money stream we must either starve or fight for them, and Leagues of Nations and Disarmament Conferences will prove powerless to help us.

A third banker's mode of synchronizing the two streams is as follows, and dwindles as foreign market dwindle. Banks will create new money and put it in our pockets as purchasing power if we will build new works to create more goods, thus getting interest on money they have created "out of the blue."

This building-money helps us for a moment. It is new money. It enters the market the moment wages and salaries are paid on the building of the new works. It serves to complete the purchases of the present cycle. But it mortgages the future. It leaves the available purchasing power in the next cycle a jump behind, for all those initial payments must be added to subsequent payments in estimating ultimate prices. It borrows from the next cycle to pay for the deficiencies of this one; as Jones, when pressed by Brown, borrows from Smith at a still higher rate of interest. The unsaleable goods become mountains high.

Hence we shall be driven to supplement the National Dividend by the National Dividend.

And the National Dividend will come from the same source as the National Discount.

Its basic will be the real credit of the country.

It will be derived, like the Discount, from that increase of production over consumption, which is always proceeding.

Discount and Dividend will share that increment.

Maintenance cannot be permanently tied to employment else, in these days, who can be secure?

The rate of the National Dividend, like that of the National Discount, would be fixed scientifically by bookkeeping from year to year, and would reveal exactly where we stood. If we worked so much less hard that that we decreased production, whilst continuing, or even increasing, our rate of consumption, the figures would soon tell their tale; Discount and Dividend would drop.

Of course, the probability is that the sums available for Dividend and Discount would rapidly increase, for production would be freed from all its greatest inhibitions: manufacturers, inventors, and operatives would be encouraged to produce more, for all alike would share the benefits of booming trade.

Multitudes of subsidiary considerations naturally arise, which I can only hint at here.

"The dividend will make men idle." Don't believe it. Policemen retire on a dividend or pension; they are the most eager applicants for posts as vergers or commissionaires.

The Church of England today is largely manned by men who already have a dividend which enables them to choose the job they love; they work no less hard for that fact.

Man is not naturally idle. At the moment multitudes are condemned for unimplemented idleness: indigent idleness. The dividend secures implemented leisure for all. It also enables man or woman, boy or girl, to choose their own vocation. Boys and girls with musical or artistic

talent will no longer be denied their true vocation as artists or musicians because "Father says there is no money in music or art."

Dividend and Discount could be instituted by any community which has the power, or regains the power of creating its own money.

Scotland could do it, or Ireland.

And the country which does it, by becoming internally more prosperous through implementing its home market, would become at the same time increasingly independent of foreign trade, and also more able to undertake it.

Other nations would see the new prosperity and follow suit. The worst obstacle to world peace would be removed.

Obviously something must be done. We cannot permit one-sixth of our workers to continue in indigent idleness, nor can we much longer endure poverty where plenty might abound.

Something must be done or we shall drift, as other lands have done, towards Dictatorships. Then liberty goes and our institutions go. Then we embark upon experiments from which retreat is difficult, if not impossible.

In the proposals outlined above, however, we take a step from which retreat, if it were needed, is possible and easy.

Why fear a course which is so scientific, which promises so much, and which hazards so little?

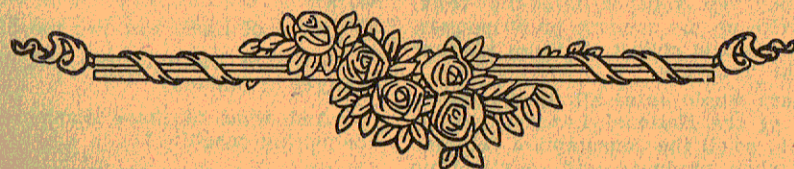
The Socialist gains from it—it gives to every man, woman and child, at last, a true and advancing share in the Increment of Association.

The Liberal gains from it—it preserves scope for individual enterprise and implements initiative.

The Conservative gains from it—it causes less threat than any other possible course to the valuable elements in our Constitution.

The Democrat gains from it—it preserves personal freedom.

The Christian gains from it—it gives to personality the true environment for growth and has regard for the worth of every single life.



The SOCIAL CREDIT

REVIEW

Published by
THE SOCIAL CREDIT ASSOCIATION OF MANITOBA
199 Osborne Street, Winnipeg

Vol. 1. No. 2.

December, 1936

Five Cents

How to Study and Question

Social Credit has been the main topic of the daily newspapers—bankers, journals and the public generally since the 22nd day of August, 1935, when Alberta returned to the first Social Credit Government in the world. Sixteen years ago Major Douglas, a Scottish engineer and cost accountant, startled the business world with his Social Credit doctrine. Nothing much was heard of the process made at that time because the Press would not even mention his name and nothing was heard of his activities. However, he placed some hooks on the market and these were used by students of economics who began to talk about the folly of destroying goods when so many people were in want.

Bankers have suggested that we must replace the shortage of purchasing power of the people by carrying on extensive programmes of Public Works and that they would lend the necessary credit. But this credit must be repaid and taxation is already as much as can be borne by the people and so unemployment exists and poverty is present in a land of plenty. The fact that modern machinery has replaced human effort in making the abundance of goods, brings before the people that some other way must be planned in order that the goods that machines make can be distributed to the people that the machine has so displaced.

People everywhere are asking for information concerning the Social Credit theory and they want an answer in as few words as possible. This would be simple if the people had already made a study as to how our present system of money and credit is worked. Perhaps it would be more correct to say that the present system does not work.

The newcomer to the study of this new economic theory will also be

handicapped at the commencement of his study by the many conflicting statements that he will hear or read. Therefore we must make a few definite observations and we must keep these ever before us, so that no matter whatever objections may be raised regarding our theories, we shall examine these objections in the light of our foundation facts.

FACT No. 1. We are all agreed that there is poverty among the people of Canada, while at the same time there is an abundance of raw, and produced goods.

FACT No. 2. We are all agreed that the only claim on these goods that the majority of the people have, is the amount that they receive in wages for their labor or ownership.

FACT No. 3. We are also agreed that every invention and installation of labor saving machinery or process has two main effects—the production of more goods in the same time—the payment of less wages.

FACT No. 4. We agree that the problem of the people is to obtain sufficient purchasing power (spending money) to enable them to buy the goods purchased, while the problem of the manufacturer is to produce as much as possible at the least expense in money paid out.

Our leading financiers cause a smoke screen to obscure the real root cause of our troubles. Sir Norman Angell has written many items on 'Money' and 'Currency' and 'Gold', etc. Social Credit is not so concerned with money as they are with the real cure—CREDIT. The Great War was fought and paid for with CREDIT.

The Credit of the people is the measure of the total ability of the people (plus raw materials—plus the machinery—plus the inventions of the past) to produce Goods and Services.

Social Credit exponents care not whether their wages or crops or goods are paid for in Copper—Silver—Gold—Bank of Canada Bills or a paper cheque so long as they are able to exchange these for the goods that they wish to possess.

The machine is displacing human effort and is able to produce goods in greater quantity than was possible by hand labor—but the goods must remain a glut on the market unless wages can be given to the people.

The suggestion is made that the Government should enter into an extensive plan of Public Works, Roads, Harbours, Bridges, Flying Fields, Mine developments, etc., in order that the people may receive wages to buy the goods produced by others. BUT, the wages that the Government pays under the present financial system is all borrowed credit, borrowed from Finance (it is admitted that a few private citizens buy some of the bonds, but not many) who create the major portion of this credit by pen and ink entries only.

How can people be continually taxed to repay these borrowings? In addition they must provide enough to pay the interest on the money. It cannot be done. It has NEVER BEEN DONE. THE NATIONAL DEBTS OF Canada or Great Britain or the U.S.A. or any other country have never been repaid or retired except through repudiation.

Therefore let us examine all evidence in the light of these facts. We CAN produce an ABUNDANCE of food, clothing, shelter, transportation, machinery, etc., then a way must be possible whereby this abundance can be DISTRIBUTED to all of the people and this distribution must be made possible without selling the people into DEBT BONDAGE to the financial interests.

Canada has CREDIT OF ITS OWN and does not need to borrow it from the banks. Confidence is the KEY. You have confidence in a twenty-five cent piece, yet there is only six and three-quarter cents worth of silver in a quarter dollar. You have confidence in a piece of paper marked 'ONE DOLLAR' yet there is no promise to pay anything on a Dollar Bill. The Bill simply states that the Bank of Canada will pay to the bearer on demand ONE DOLLAR. One dollar of WHAT?—Gold? No. Silver? No. Then WHAT DOES A DOLLAR PROMISE

(Continued on Page 8)

Editor: A. C. Benjamin

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THE CHURCH SPEAKS

Archdeacon Swanson of Calgary is credited with saying that the church funds in his diocese has been curtailed through the actions of "amateur politicians." He is referring to the cut in interest rates by the Alberta Legislature. His reference to "Amateur Politicians" is rather untimely since only recently the same church lost all of their superannuation funds through the actions of some, while "professional politicians" were in power in Manitoba.

The point that we wish to make is that the ministers of the church should carefully weigh their words before making statements to a gathering. By what authority does the Board of a church invest funds in commercial and other stocks and bonds? Has the church not got debts, mortgages, etc. of its own that should be paid off first? Should the church receive or seek interest? They will read in the Scriptures: "Thou shalt not lend upon usury to thy brother; usury of money usury of victuals, usury of anything that is lent upon usury." (Deuteronomy 23, 19). Perhaps the Archdeacon would refer us to the Parable of the Talents wherein Christ represents the master as saying "Thou oughtest therefore to have put my money to the exchangers, and then at my coming I should have received mine own with usury." Christ recognized that the Jews understood the usurer as an evil man. He did not condone usury and referred to the usurer as "a hard man reaping where he had not sown and gathering where he had not strawed."

Mr. Justice Brandels of the Supreme Court of the United States says that "there is no such thing as an innocent stockholder. He accepts the benefits of the system. It is his business and his obligation to see that those who represent him carry out a policy which is consistent with the public welfare." The church to which Archdeacon belongs are stockholders in many commercial concerns and the Church in England recently admitted having shares in Breweries and Munition Manufacturing Companies.

Can Unemployment Be Solved?

By Mr. RENE PELLETIER, M.P.

A few weeks ago in the Dominion House of Commons, Hon. Mr. Rogers, Minister of Labor, told Canada that there were some one million, three hundred thousand Canadians receiving relief from various government bodies. When one realizes that this figure means, one fifth of the population of Canada, it becomes apparent that an appalling situation exists in Canada. The minister's chief worry was the question of unemployment. It seemed very unusual to me that no attempt was made to discover the causes of unemployment. The minister stated that he did not know what the causes were. However, it seems useless to attempt to solve a problem unless we determine the cause of the trouble. To my mind not enough attention has been paid to the displacement of human labor by the machine.

Day by day, and week by week, and month by month, relentlessly and without cause, man's inventive mind is forever seeking new ways of doing things more quickly. Thus we see that in England a new electric shovel does the work formerly done by 200 miners. Banking institutions have installed machines built something like a typewriter, capable of making some 600 entries per hour. This machine shows the number of account, the number of the cheque, the amount of the cheque, and the balance of the account, and if it makes a mistake it shows a red card. It is estimated that this machine displaces some 60 bank clerks. Examples such as this could be found in every field of activity. The machine does not care whom it displaces. Laborers, white collar workers, or managers. It is never sick, does not take holidays, and requires little attention. Without question this displacement is in a large degree responsible for our so-called unemployment today, and this fact should be faced.

We like to say that we live in a modern world and so we do. But can anyone claim to be the sole genius responsible for our mechanical wonders today. Surely no one man can make that claim. Our present progress is due only to the accumulated experience of those who came before us. As each generation comes into its own the world as it finds it, is necessarily the heritage of the past. So that when we realize fully that we are all striving to substitute the machine for man, we must at the same time realize that we must substitute a new economic system that will work smoothly with modern methods. The Social Credit theories advanced by Major Douglas

recognizes that factor as being one of the chief causes of unemployment. Facing this problem, as well as several other points, which fail to work smoothly in the frame of our economic set-up today, Major Douglas has written many books on a subject he called Social Credit. Many people have heard about Social Credit, and thousands throughout Canada, after giving this subject deep consideration have reached the conclusion that the Douglas theories alone can solve what we call today the problem of unemployment. Every Canadian to whom the figures quoted above mean anything must make it his duty to enquire into this doctrine.

Do We Need a Change in Law-Makers?

The following paragraph is from the British Finance Bill:

"Sub-section (2) and (3) of section 20 of the Finance Act, 1922 shall have effect as if reference to paragraph (c) of sub-section (1) of that section included references to the foregoing provisions of this section, as if references to a disposition included a reference to the making of or entering into a settlement, and sub-section (4) of this section shall have effect as if the reference to that section included a reference to that section included a reference to the said provisions of this section."

Do you understand what this means? Is it necessary to phrase our laws in language which the general public find difficult to interpret? Remember, ignorance of the law does not excuse you. If you break the law you are guilty whether you understand the law or not.

Have you demanded of your Member, that laws shall be couched in terms that can be readily interpreted by the general public?

Social Crediters are expressing a definite interest in the government of the country. They do not presume to be able to interpret all existing laws, but are anxious that future laws and amendments shall be more simply worded. Does your Member understand clauses similar to the above? He is going to the House to represent you and draw up laws to govern you. He will vote on Acts and Amendments. Will he insist that they be worded so that he can readily understand how he should vote.

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"NEWS ITEMS," By A. M. Mowat

THE FOLLOWING APPEARED IN THE DAILY STAR, TORONTO, (AUG. 27, '36)

- (A) 50% of the population of Britain, owing to poverty is undernourished.
- (B) The British War Office is finding it impossible to obtain recruits in anything like sufficient numbers, for the fighting forces.

Mr. Crusoe and Friday

"One of the most distressing things about Friday's character" said the Hatter "was his carping attitude towards the dole which Mr. Crusoe allowed him out of pure goodness of heart."

"Imagine a man on relief objecting anything," snapped the March hare. "What was the fellow kicking about anyway?"

"Like Oliver Twist" replied the Hatter, "the objectionable creature wanted more. Good Master Crusoe, he used to say, 'my hovel is falling to pieces, my wife and I are all starved and my children are developing rickets from lack of milk. Now you, master, have an abundance of bricks and lumber and a fine herd of cows, couldn't you let me build myself a small house and give me an extra quart of milk a day?'"

"Friday," said his master earnestly, "would if I could, but it just isn't possible. So for both our sakes, do not talk about less painful subjects."

"You attended the opera lately?" "Blast the opera!" said Friday indignantly. "You aren't using your lumber and bricks yourself, you aren't milking the milk yourself, I know it's a fact you can't sell them. You must be wasting them while I am starving."

"Not wasting them," replied his master in a pained voice. "Don't waste say wasting, Friday. Your choice of words is most unfortunate." "What I am doing is restoring economic equilibrium by reducing the supply of milk and building materials so it equals the demand."

"My Hat!" cried Friday. "There's plenty of demand. My family will apply the demand if you will supply to supply."

"Tut tut!" said Mr. Crusoe, impatiently. "you do use words in the most careless manner imaginable. Now pay attention to what I have to say. You, and your family's requirements, my man, don't constitute a demand they only constitute needs—mere needs. Your children may need milk but they certainly can't demand milk, because they have no money."

Even if your children were dying for milk that wouldn't mean a demand for milk. It would only mean a need for milk or if you insist on being emotional about it, say an intense appetite for milk."

"When an intelligent person like a banker speaks of demand, Friday, please remember he means effective demand, that is a demand backed by money, and as I said before, neither you nor your family have any money, so do let us talk about art or music."

"I don't want to talk about art or music," grumbled Friday. "And if money is the trouble, why haven't I got any?"

"The reason you haven't got any money," said Mr. Crusoe blandly, "is that you haven't got anything that I want to buy from you. The island, Friday, has always been run on the Acquisitive Principle. Now when you run an island, or for that matter a Dominion or an Empire, on the Acquisitive Principle, the few acquire and the many don't. In our rough island story, it has just so happened that I did the necessary acquiring and you didn't, with the happy result that I own the island and all it contains, and you own nothing."

"Then if you own everything," said Friday, "why can't you allow me that extra quart of milk? Goodness knows you have enough of it."

"I've just told you," snapped Mr. Crusoe, "you've no money because you own nothing—nothing that I care to buy. You don't imagine that I covet that loin cloth you're wearing, do you?"

"No," said Friday, "I don't suppose you do, but wouldn't you care to buy my labor. I have a lot of strength and skilled craftsmanship to sell."

"My dear man," said Crusoe, "your suggestion is really laughable. Don't you realize that at the present time I have a super-abundance of everything I require to satisfy my material wants. Have the courage to look the facts in the face and you will see that I have more houses than I can live in, more food and drink than I can consume, a huge wardrobe, and, as the auction-

eers say, other articles too numerous to mention.

"No, Friday, you must be reasonable. At the present time your strength and skill are decidedly a fifth wheel to our economic coach. I don't require them." You're just a drone in our island hive and a dashed expensive drone at that. If you don't mind me saying so, I think you were most inconsiderate to marry and have a family that required my support. The sooner you get it through your head that you're a confounded nuisance and learn to starve quietly and behave with proper humility, the better the Acquisitive Principle will work."

"If I'm no use to anyone," cried Friday, looking very downcast, "I can't see why you bother to give me my dole. Why don't you let me starve quickly instead of slowly?"

"That's not an unreasonable question" said his master approvingly, "and some very eminent economists have argued with great force and cogency that that is the proper thing for me to do. Unfortunately there are insurmountable objections."

"You surprise me," said Friday with a nasty sneer. "I wouldn't have thought you would have seen any."

"Yes," continued his master, "the objections are insurmountable. To begin with, the time must come when I, having consumed my immense supplies of food, drink and clothing, will need your services again, and it would be very disagreeable, if when that time came, you and your family were dead and I had to do my own work. In addition to that, it should not be forgotten that the savages on the mainland also run their affairs on the Acquisitive Principle. Between you and me, Friday, I live in constant dread that they may endeavor to acquire my island from me. If that day should come, it is pleasant to feel that you and your sons, even if they have rickets, will spring to arms and die in defence of me and our Island Heritage."

"Where do you get this 'OUR' stuff?" growled Friday. "I'll be shot if I'll defend your Island."

"You'll be shot if you don't," said his master grimly. "Besides, where's your sense of gratitude for the dole I've been giving you all these years?"

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SOCIAL CREDIT ASSOCIATION OF MANITOBA

199 Osborne Street, Winnipeg

AN ADDRESS BY

MR. NORMAN JAKES, M.P.

At the Engineering Institute of Canada, Chateau Laurier, March 26, 1935

I rise to address this gathering of Engineers with mixed feelings. On the one hand, I appreciate tremendously the privilege you have granted me, and on the other hand I feel a great anxiety because I realize the necessity of enlisting, more than any others engineers in the cause of monetary reform or, if you like, Social Credit, because more than any other class of men they are responsible for the real plenty which we find to be so embarrassing.

In the limited time at my disposal it is impossible to give you more than fundamental principles, the more so, since it is necessary first to point out the fallacies of the existing monetary system:—fallacies, because finance no longer reflects facts.

I will not weary you with a repetition of the existing conditions—You are all familiar with them and they can be summed up in the phrase 'poverty in the midst of plenty.' Up to 150 years ago conditions were more or less static. Production was fairly constant, since it depended on human effort and effective demand was stable since money was confined to gold and silver coins which were issued in quantities sufficient for the needs of the exchange of Goods and Services. Saving was a necessity because the united efforts of all were needed to produce the necessities of life, and capital expansion was possible only by decreasing the production of consumable goods. For the building of roads, for instance, men were needed, and so for the time being, consumable goods were decreased, prices, therefore, rose, and the poor had to tighten their belts and work the harder.

None of these things are true to-day. Production is not constant, because it depends on solar and not on human energy. Demand is not stable because purchasing power is not confined to a metal, or even a paper currency, but to the use of credit, book-keeping, cheque or confidence money—expanded and contracted at will. We no longer have a currency but a concertina.

Up to 100 years ago the issue of money was the prerogative of the Crown; today more than 90% of money is created and issued by private corporations who are responsible to none but themselves and who use their control in their own interests. Money was the means to an end; today it is regarded as the end itself.

And so with saving. There is no longer any physical necessity for it. Machinery has so taken the place of

human energy that we could, and did, take part in a war which absorbed the energies of the majority of able-bodied men and yet at the same time not only was there an ever increasing supply of war materials but a steady rise in the standard of living of the masses of people. After 20 years of peace, we find the opposite to be true; millions are idle and we are told to tighten our belts and to exist because we are too poor to live. Why is this, when we have the time, the men, the machines, the skill and the knowledge to produce plenty for all? Simply because in war the canons of sound finance are silenced by the guns of the enemy.

Remove the restrictions of finance and is there any man here who will venture to say that even with our present equipment we could not produce enough at least to ensure to every Canadian a decent standard of living?

Sir Montague Barlow says, "It seems we have too much milk, meat and coal; production must be adjusted to meet demand." In other words, since we no longer have real scarcity, we must create one artificially; because our money, which alone makes demand effective, is based on rules which originated in the days of real scarcity, and so is useless in this day and age of actual and potential real plenty.

We Social Crediters say "Anything that is physically possible is financially possible." Our opponents say "no," that is not so; but is there any reasonable physical problem which you, as engineers, could not solve? And yet how often are you told "A good idea and it ought to be done, but where is the money to come from?" Well, where does it come from? Where did the money come from to finance the war? It was created for that purpose, and if we can finance war, we can finance peace,—if we want to. It used to be said, modern war is impossible, there is not enough money to finance it. The war did not end for want of money. We never had

too many shells. People did not say cannot afford to produce munitions. Finance was put to its proper use and financiers in their proper place. Nobody had the temerity to ask where the money was to come from. It is true that the financiers managed to persuade the people that the money he created was his and so fastened them a preposterous debt by lending the people what belonged to them, not to the financiers, but even so, at a time "What was physically possible was financially possible."

But when the war ended, the financier took command and henceforth only what he considered financially desirable was to be physically possible. Anything else was nonsense. The war was fought to make the world safe for bankers. You pay a war with the cash of blood and tears, but that is not enough. You and your children must forever tribute to those who so nobly and selfishly took what was yours and then lent it to you at interest, and you must work harder and tighten your belts!

A short time ago in the House of Commons a motion was proposed pension the blind over 40 years of age. Not a voice was raised against it, but the grim goddess of finance settled it—"Where is the money to come from?"

Another Member pointed out the vital necessity of raising the water levels in the Great Lakes and showed that this was a question of national importance and that the future of trade and commerce in Eastern Canada might well depend on it. The Member spoke with the greatest sincerity and from a wide knowledge of the subject, he appealed to Members to forget politics, but even he could not beg the same grim goddess to be charitable.

Look at these two resolutions from a real point of view. First would anyone suggest that Canada cannot produce food, clothing and shelter for her blind, or that anyone would object to the blind being supplied with

these necessities? We cannot do it, there is an ethical reason for monetary reform.

Second, granted that it is of national importance to raise and maintain the water level of the Great Lakes, will any engineer say it cannot be done? It is admitted that Canada as a whole could gain enormously. We know what to do and how to do it. It would not entail anyone going without anything, since we have plenty of labor, and to spare, and plenty of machinery. There is a business reason for monetary reform, and since we cannot believe either in an ethical or business way, should we not seek a remedy to enable us to do both? What is the problem? Is it to adjust our financial system to the end that we can consume to the limits of our desires or of our powers to produce?

These two objectives are fundamental; there is another—economic freedom, which we must add to the existing political freedom.

Let us suppose that the company in this room had to cross a desert, and we have met here to make our plans. We should realize that we must endure privation, since we must depend for our supplies on what we carry with us. We should consent to be strictly rationed as to food and drink, and march so many miles a day, probably to the limit of our endurance. We would submit to a most stringent discipline and elect officers to enforce it. We would obey because we would realize it was necessitated by natural forces over which we had no control, and because the safety of all depended on our mutual obedience. That corresponds to the age of real scarcity, natural and unavoidable. But, having crossed the desert and having come to a land of plenty, what would we say if our leaders insisted on prolonging the discipline and privations of the desert, even going so far as to say that it is good for us and that to make use of nature's bounty would demoralize us? Unless we were slaves, we would rebel and our leaders were able to enforce their will on us, they would cease to be leaders and become dictators. That corresponds with the age of real plenty we are entering today, and that is the reason for the trouble in the relief camps. And so we say that we are to keep our political liberty, we must add to it economic liberty.

The fundamental necessities are, then, consumption to the limits of our desires or of our abilities to produce economic liberty and independence.

Why cannot we solve these problems under the existing financial and economic set-up? Because we are ruled by the economics of scarcity, and this means a new and artificial, in place of an old and real, scarcity.

Money is the sole title of life, and we claim and prove that it is impossible to distribute enough money to buy what is made. I am not going to deal with the proof, for the time being I ask you to accept it, and to suggest you satisfy yourselves on the subject by studying the works of Major Douglas, as well as those of his critics.

Furthermore, and I am sure no engineer will deny it, we submit that the object of industry is neither work nor wages, but the production of goods and services, and that the only sane economics is a maximum production with a minimum amount of work and worry. This being so, it is futile to try and cure unemployment; we must realize that wages must become less and less the means of distributing purchasing power, that the right to consume must be granted not only as a reward for work, but as a necessary consequence of life itself.

We have solved the problem of production. We have yet to solve distribution. We must equate production and consumption, and we must provide for those no longer needed as producers. We must discard the economics of scarcity and adopt an economics of plenty.

Money is like fire, a good servant but a destructive master. It has become the master. It must be made the servant.

The war gave us the key to the solution. Money became the servant and the engineer was given full liberty to put his ideas into practice, and magnificently he rose to the occasion. We are told the war impoverished us and that we must now pay. That is a dreadful fallacy. Materially, we are not poorer, but immensely richer. We paid and more than paid for the war in blood and tears. All the financiers did was to monetize our own credit, assume the title and lend it to us, and so fasten a fictitious and leprous debt on us and our children for ever. Can we finance the engineers for peace as we did for war without the evils of inflation and debt? Social Crediters claim, not only that we can, but that we must, do so. Our opponents cry inflation. What is inflation? To orthodox finance it is prosperity, but in reality it is an increase of money, accompanied by an increase of prices. Obviously, it is as useless to increase money without a corresponding increase of goods as it is to increase production without increasing money to sell the goods. The orthodox say that goods and money automatically balance one another. We deny that. We say and prove that under the existing system of finance there is a chronic shortage of purchasing power, and facts bear us out. The demand is there. The engineer could meet any reasonable demand,

but the demand is not effective, because money to make it effective is lacking. The money is not in the consumer's pocket; we must put it there. It is not enough to finance production; we must finance consumption. All money originates as a debt and is distributed as wages, salaries or dividends. All costs must go into prices, but prices must include some costs such as interest and depreciation that are not distributed as wages or salaries so that all costs cannot be recovered, therefore, some goods cannot be sold.

Added to that is the fact that machinery is displacing men and those displaced earn no wages but must be kept alive by taxing the workers. The wages of the machine must be distributed if the products of the machine are to be sold.

You may ask then, "how is the system kept going?" "By increasing debt and by foreign trade." The evils of debt are obvious to all but the bondholders, and time will disillusion the bondholders.

We are told we cannot change the economic laws. But such laws are not laws as understood by engineers. They are rules or conventions. Consider the old game of whist. The rule said the last card is to be turned up, and so determine trumps. One might have a dozen spades, but if the last card dealt were a club, the hand of spades was wasted.

And so it is with economics, we have a wonderful hand but we cannot use it because of financial conventions. We can change the conventions any time we wish to and make the most of our hands. All we need is a general desire to do so and a general agreement to observe the new rules. Let us forget whist, play bridge and bid our hands.

The orthodox remedy is foreign trade. Not trade in the sense of exchanging what we don't need for what we cannot produce for ourselves, but to trade what we need but cannot

(Continued on Page 8)

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THE CREATION OF CREDIT

By Mr. W. A. Tucker, M.P. (Rosthern)
An Extract from Hansard, 1936

I hold in my hand Mr. Speaker, the report of the Committee on Finance and Industry, what is generally known as the Macmillan report, which was made to the British government. I do not know whether hon. members will regard this as an authority or not, but it is signed by people whose opinion I think should carry some weight with anybody who is interested in these questions. Let me read the names of one or two of the gentlemen who signed this report: Lord Macmillan, one of the outstanding jurists of the British Empire; T. E. Gregory, one of the outstanding economists in the British Empire; J. M. Keynes, the man who foretold that the peace treaty in its financial provisions could never be made to work; Reginald McKenna, once chancellor of the British Exchequer, and now head of one of the largest banks in England; and other leading economists: I do not intend to quote at length from this report, but I wish to refer to one paragraph from page 34, and I would ask any hon. member of this house if he would not be inclined to pay some attention to the opinions of these people no matter what may be his present ideas and predilections. If we have been going into debt at the rate of a million a day surely we must consider how we are going to pay off that debt in the future. If during the days of our greatest prosperity we went into debt at that alarming rate, how are we going to pay off the debt from now on. That is something we should all consider. I quote from page 34 of the Macmillan report:

It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft, or purchasing securities, a bank creates a credit in its books, which is the equivalent of a deposit.

I would ask hon. gentlemen to note those words. The report says that the bulk of the deposits arise out of the action of the banks themselves, and that is the opinion of the greatest body of experts, I submit, that has ever been set up to study this question. There is no use laughing at it or sneering at it; there are their findings. The report goes on to explain how the thing works. It says:

The bank can carry on the process of lending, or purchasing in-

vestments, until such time as the credits created, or investments purchased, represent nine times the amount of the original deposit of 1,000 pounds in cash.

I have heard, as every hon. member has heard, a great deal about the tremendous stability of the banks of this country. Well, if you or I could borrow \$1,000 at 2½ per cent and then proceed to extend credit to the amount of a further \$9,000 at five or six or seven per cent, we would be stable too, and a lot of us would not bother working and struggling the way we do.

I should like to quote from the Macmillan report on banking and currency in Canada as to the banks lending several times the amount of their cash deposits. Here is what I find on page 44:

In so far as the loans and investments made by the original bank return to it as deposits—They practically all do within a very short time.

—It will be in a position to make further loans or investments. Through this process of lending, investing, and depositing the increased cash reserve is distributed among the banks and the volume of loans and investments and deposits is increased by an amount several times greater than the amount of the original increase in cash reserve.

There is the finding of the Canadian Macmillan report, that the banks purchase securities and make loans to the extent of several times the original increase in their cash reserves. I would just like to remind hon. members how that works out under the Finance Act, and how it can work out to-day under the Bank of Canada Act.

I find by this Macmillan report, Mr. Speaker, that in July, 1933, the average daily borrowings of the banks under the Finance Act was \$48,552,000. What does that mean? It simply means that, under the Finance Act,

if the Bank of Montreal or any other bank had one million dollars' worth of government bonds which were paying at that time in the neighborhood of 5½ per cent, they could go to the Minister of Finance and get one million dollars' worth of new money for which they paid at that time 2½ per cent. They get that new money against the credit of this country, then on the basis of established banking practice they are able to buy nine million dollars' worth of government bonds. Let us trace what happens. The bank pays 2½ per cent on one million dollars, but, mark you, it is drawing 5½ per cent on ten million dollars worth of bonds. And they call that wise public financing. There is no doubt about it at all; it is right here in this Macmillan report.

I have the greatest respect for the Minister of Finance, but I have read this report with what intelligence has been given me, and I have given the house what I have found in this report. If the Minister of Finance or anybody else can prove that it is not so, I shall be right there listening with both my ears wide open to hear the explanation. The fact is that according to this report, the banks borrowed from the Minister of Finance \$48,000,000, and they can lend out nine times the increase in their cash reserves. Is there anything wrong with that? If they lend out nine times any increase in their cash reserves—and remember when they got that \$48,000,000 from the Minister of Finance they put it in their cash reserves—then I fail to see how it can be otherwise than as I have stated; for the banks can lend several times the amount of their cash reserves, or they can buy bonds with the money. If I am wrong I hope the Minister of Finance, who is a good friend of mine, will enlighten me, but in the meantime I adhere to my view that that is exactly what happens.

Mr. DUNNING: I cannot understand why there are so few banks in Canada if the making of money is so easy

that. Perhaps my hon. friend will give a little attention to that phase of it.

Mr. TUCKER: I have, and I find that the banks in the past made ridiculous loans to people who never could repay them. In that way the banks have thrown away millions of dollars; they have put up buildings to build; they have made twenty per cent on the amount of their original invested capital every year of the depression, when everyone else has gone in the hole, and after consuming every profit they possibly could. That is my answer to the Minister of Finance.

Now it is all right for the Bank of Montreal to take government bonds, it is all right for the banks to take \$48,000,000 worth of government bonds and obtain new money against those bonds, then it should be all right for the Bank of Canada to advance whatever money this country needs against Dominion, municipal and provincial government bonds. To-day, as I understand the Bank of Canada Act, the Bank of Canada will give credit in its books, dollar for dollar, against Dominion bonds. What should be done when the time comes that this country needs more credit and there has not been enough credit saved up to finance the government, as happened during the war? The credit of the country was extended and extended. Suppose we need to borrow some money; what happens? Suppose there is not enough saved up—and there is not enough saved up to finance us if we continue the way we are going. We shall have to go through the process. The banks will want to buy some Dominion government bonds. They will take some of their present bonds to the Bank of Canada and get credit against those bonds, dollar for dollar; and on the strength of that credit they will be able to go around and buy nine times as many bonds as they deposited in the first place. What has happened? We have used our credit and we are paying interest on it at the rate of probably 30 per cent.

Is it any wonder that we have no money to take care of old people? Is it any wonder we have no money to look after the unemployed? Hon. members of this house will have to consider this question: Are they going to sacrifice the future development of this country, are they going to sacrifice the unemployed, the old and the sick, are they going to neglect the things which a civilized country ought to do, in order to be able to pay interest on a basis such as that? That is the question that must be settled. If the present financial

system is cramping us, if it has this country in a straight jacket, which is more important—the financial system or the people? I submit to you, Mr. Speaker, that it is up to this parliament to remove that financial straight jacket; it is the duty of this parliament to explore new avenues. I know that there are some people—the Minister of Finance is in that class—who takes the attitude that the suggestion I make is not feasible. Well, I say to him, let us have a trial of it. The present system is not working so satisfactorily that everyone should be ready to die fighting for it, and if some other method is advanced by great thinkers, why can we not at least have a trial of it? And if it works, let us extend it; if it does not work we can abandon it.

In that connection I would remind the house of what was done by the government led by the leader of the opposition; we have not forgotten it.

Greetings

To Our Readers:

A Joyful Christmas and
Economic Security for the
Future.

The leader of the opposition will probably find fault with the way in which I am putting it, but in essence this is what was done. They took to the banks \$35,000,000 worth of treasury bills of this country. \$35,000,000 of obligations of this country, bearing interest at, I believe, 4 per cent. They said to the banks, "We want you to advance us \$35,000,000 worth of credit against these obligations of ours, and you shall take these obligations to the Minister of Finance and he will issue against them \$35,000,000 worth of new money on which he will charge you 3 per cent." In other words, we borrowed in that way \$35,000,000 worth of credit which cost us only one per cent, and I submit that it should not have cost us a cent if we had set up our own central bank and financed that business for ourselves. Let me say this to my conferees, the members of the Liberal party—because I am a Liberal. I believe that liberalism has the future of this country in its hands, and if liberalism

does not meet this problem, if it does not solve it, the people in their desperation may do we know not what. I venture to stand in my place to-day and make these suggestions as a Liberal, because our great leader has taken the attitude that people of all shades of opinion will be welcome within the ranks of the Liberal party; and if we can persuade the majority of the people in that party that our views are right, then they will adopt those views. I suggest—and I think I am right in this—that I have a better chance of persuading my friends of the Liberal party that these views are right than my friends down there to the left have.

SHE'D FIND IT!

Canadian bank president says it's the height of foolishness to keep a large sum of money lying around the house. "With most of us it's the height of impossibility," suggests the Windsor Star. And the height of that impossibility is usually about five feet two," claims Wally the Incurable Bach.



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How to Study and Question Continued from Page 1)

TO PAY? Just whatever it will buy in goods or services. Then why should there be any doubt as to the promise that is contained in a Social Credit Dividend Cheque?

Of course, questions will be raised by earnest people who really believe that a change must come and they want to study the Social Credit Plan. They will ask:

Question: How shall we pay for goods obtained in another Province if Manitoba Social Credit Dividends are only negotiable in Manitoba?

Answer: This question can be answered by referring to our present system of international trade. We only pay for goods from another country by exporting our surplus goods. Other countries will not accept our money except to return it for other goods.

The Social Credit Dividend is possible through our ability to produce goods and is given to the people to enable them to buy these goods that they have produced. It was never the intention of the Social Credit Plan to give dividends to the people for them to send out of the Country and leave their own goods unsold or to be destroyed. The dividends are given to enable the people of the Province or Canada to buy the goods that they as a people are able to produce. For example: Have you enough woollen blankets, boots, sugar, jam, meats, butter, clothing, carpets, furniture, automobiles, tractors, machinery, cutlery, dishes, fruit, coal, lumber, paint, etc. or do you need dental attention, medical care and would you like to travel on the trains or busses? Then why do we talk so much about buying from other countries, we have a wonderful supply of goods and services produced right here in Canada and in Manitoba.

Question: What difference is there between the Socialist or Communist and Social Credit.

Answer: Socialists and Communists say that Capitalism cannot handle the new abundance of goods and they therefore want to scrap the whole Capital-Industrial system. Social Credit, while not condoning the present breakdown, does not agree with Communism to wreck our present system, nor will Social Credit allow Capitalists to enjoy alone their present inequalities. Money must be made as cheap and as plentiful as goods now are. Social Credit will preserve our present system, will work it to full capacity and with this abundance in goods available, will each month apportion to each individual, a dividend in either credit or money. This in substance is SOCIAL CREDIT.

AN ADDRESS BY MR. NORMAN JAKES, M.P. (Continued from Page 5)

afford in exchange for debt. But if we cannot afford to consume our own production neither can we afford to consume goods in exchange for it,—hence the necessity of tariffs. All countries are alike. Not one of them can afford to consume what it produces and all have reached the limits of debt. Nor can the debts be paid; the gold does not exist, and to take goods in payment would ruin the home market and would reduce the workers to the level of serfs.

There are two alternatives to the impasse: 1. A dictatorship of finance—on the right, Fascism; on the left, Socialism, in reality State capitalism. 2. Monetary reform. Social Crediters insist that any reform must enable us to consume to the limits of our desires or of our powers to produce and must add economic to the existing political liberty. We have concrete proposals which, we believe, will solve the problem, and which were first stated by Major Douglas in 1919. I have not the time to go into them today but they provide for creation and distribution of sufficient money to equate production and consumption, for the welfare of those no longer needed in industry, and are designed to prevent inflation or the opposite, equal, or worse evils of deflation.

I do not expect to convert you by this short address, but I do suggest that these ideas are worthy of your attention. I cannot claim the distinction of being an engineer, but my life has had to do with realities and, certainly, farming gives one ample opportunities to think. Our problem is how to sell plenty at a profit. I could find no solution in orthodox economics and I refused to accept the defeatist solution of artificial scarcity.

Four years ago, I stumbled on Social Credit and realized its truth at once. Four years of study has not shaken my faith and I have been able to answer all objections, successfully, I think.

Gentlemen, we need the engineering, not the financial, viewpoint, and though I have no desire to turn perfectly good engineers into, well, politicians, I do hope and pray that you will give this vitally important matter your very earnest study and consideration. All I ask is that you approach the subject with an open mind. Politics need make no difference. There are perfectly good Social Crediters in all parties, I am sure that Canada would benefit enormously if a majority in the House, at least, had the engineering way of regarding and solving problems.

"My time is up and it only remains for me to thank you for the privilege of addressing you and for your kind attention."

ST VITAL CLUB NOTES

The election of officers for the ensuing year was held on Friday, November 11, at the regular business meeting of the club. The meeting was called to order at 8.30 p.m. with 100% attendance of the Club Membership.

A vote of confidence in the Executive of the Social Credit Association of Manitoba received unanimous support and speakers urged the Association to continue their endeavors for the furtherance of the Gospel of Social Credit.

The following Officers and Council were elected: President, R. H. Massey; Vice-Pres., C. W. Riller; Secy. Treas., F. D. Meeham. Council, H. W. Drysdale; L. Coote, Mrs. R. M. Morgan, Mrs. E. Ripley.

Committees were struck and the work for the coming season was planned in outline.

On the 18th of November, the Club activities took the form of a Social evening under the chairmanship of Mr. C. S. Ripley. The success of the evening was noted by all present and augurs well for future events.

Social Credit Association Convention

At the first Annual Convention of the Social Credit Association of Manitoba held at their headquarters 199 Osborne Street, Winnipeg on Friday last, the work of the Association to date was outlined by the Officers and showed very satisfactory progress had been accomplished.

Study Clubs already affiliated reported enthusiastic meetings and a strong desire was expressed for expansion. Considerable correspondence had been dealt with and literature forwarded. The Association confirmed the action of the Officers in commencing the monthly publication of the "Social Credit Review." Copies of the Review to the number of 1500 had been mailed to country points and 2500 more distributed through the Clubs in Winnipeg. Further copies are available on request.

The Officers also reported satisfactory distribution of the "Dean of Canterbury's Speech."

Proceeding with the election of Officers for the ensuing year, the following were appointed: President, Mr. W. Sanders; vice-president, Mr. F. D. Meeham; secy-treas, Mr. A. C. Benjamin; corresponding secy, Mr. N. Cooper. The Council will be composed of representatives appointed by the constituencies.



Published by
THE SOCIAL CREDIT ASSOCIATION OF MANITOBA
199 Osborne Street, Winnipeg

Vol. 1. No. 3

January, 1937

Five Cents

"They Call It Peace"

By Irene Rathbone

But to glance back to 1914. What happened behind the scenes?

In the first week of August, a private trading company, called the Bank of England, was totally unable to meet its liabilities. Not above 5% of the gold of the amount it owed could it produce. It was rescued from insolvency, and from the unquestionable breakdown of its whole system, by the Government, who, stepping in, declared a moratorium, and printed Treasury Notes to some hundreds of millions as legal tender.

Cunliffe, the then Governor of the Bank of England, himself confessed (resentfully) that without the state action, every bank in the country would have had to keep its doors closed.

One would have thought that such an episode would have sufficiently opened the Government's eyes to the fraudulent inadequacy of a banking system based on Gold, to make it determined to supercede that system and to take no second chance. But not a bit of it. In spite of the Treasury Notes being backed by something far sounder than Gold, namely, the Real Credit of the nation (its whole assets, resources and power); in spite of the notes owing nothing of their origin to Cunliffe & Co., the Government benignly agreed to Cunliffe's demand that the Notes SHOULD BE ISSUED ONLY THROUGH THE BANK. After which concession, the bank began to treat the notes as though it owned them, raising fresh credits on them (impossible of achievement on its own dwindling reserves of gold), and finally, as a supreme stroke, LENDING THESE CREDITS TO THE NATION.

For a time all went well. Forced by the needs of a people at war, to supply almost unlimited credit, the bank, for once, SERVED INDUSTRY. Industry thus served,—the life-blood of the country circulating freely in its veins, and over the stuff triumphantly. So

did Agriculture. And that with only skeleton staffs of workers. An army of undreamt of size, fed, clothed and paid. The whole of the working-classes, with their women and children, were maintained. From the material point of view, conditions were beneficent. The country showed itself nearly self-supporting, and if our exports mainly took the form of bursting shells—still there were markets for them (which is more than one can say for our exports in peace-time).

With peace, the entire state of things was reversed. Men ceased to be killed in battle and began slowly to be killed at home. The nightmare of blood was lifted; the dimmer nightmare of economic strain came down. For now, the Bank no longer lent. It started a policy of deflation. That this policy meant a diminished volume of output was nothing. That it meant the abandonment of housing schemes, pension schemes, agricultural schemes and scores of 'reconstruction' undertakings, was nothing. That it meant pinching and misery to the people, was nothing. The policy suited the Bank. 'Deflate currency, deflate industry, deflate agriculture, deflate employment, deflate appetites, deflate hopes,' was in essence the report of the Currency Committee presided over by Cunliffe. A report which was docilely accepted by our Government, acted on towards the end of 1920 and the ruinous results of which were intensified by the re-establishment of the Gold Standard in 1925.

It was distasteful to the Bank MORALLY that the England of war-time and just after, should not have been on a 'sound' basis—that is, that its prosperity should have been built on paper on Treasury Notes. Distasteful that the paper experiment should have been one of the most astonishingly successful things ever witnessed in the history of the

country and that productive capacity should have increased to forty per cent.

In the eyes of the High Priests of Banking Orthodoxy it was heretical and indecent that people should have had confidence in those Treasury Notes—although by means of them everything had functioned so well after the gold basis currency had collapsed at the first shadow of war. NOW, felt the High Priests, the people's confidence must be undermined. NOW those Notes suppressed. NOW, things go 'back to normalcy.' NOW, at long last, the country be put on a 'sound basis.'

But one cannot sufficiently admire the tirelessness with which, not only in England, but everywhere, during those first post-war years, the High Priests of Banking Orthodoxy worked for 'soundness'. Bound together in an international brotherhood, feeling deeply that 'patriotism is not enough', and acknowledging no authority but Wall Street, they worked, it must be repeated, among the countries of Europe, unflaggingly for 'soundness.' Almost they were ready to die for it. Quite certainly they were willing to let others die.

Take Austria for an example of their efforts. Austrians since 1921 had been surprisingly flourishing. By means of home-brewed inflation, which harmed nobody outside, she had climbed from the starving conditions in which, as a conquered country, she had been plunged after the Armistice, to considerable comfort. New industries were springing up, farm buildings were being improved, bread was being sold cheap. All that Austria wanted now was to be let alone. However, although she was healthy physically, it was clear to the High Priests that she was in a bad way financially.

And so, they intervened to make her 'sound'. They really took immense trouble. At last, from the benevolent facade of the League of Nations (for High Priests are retiring persons and prefer to work through other bodies), they got a

Continued on Page 8

UNEMPLOYMENT

By Mr. J. C. Landeryon, M.P.

(Extract from Hansard, 1936)

The fact that the government recognizes unemployment as one of Canada's most urgent problems has given a measure of hope to millions of Canadians who are anxiously and impatiently waiting for a solution of that problem. The previous government promised to end unemployment or perish in the attempt. They all but perished in the last election, but they failed to solve the problem of unemployment. This government, if they continue to give stones to the people instead of bread, will also have these stones thrown back at them at the next election. If we attempt to deal with the problem of unemployment imagining that it is simply an emergency problem, we shall fail. We cannot solve it by attempting to provide work of a public nature for all the unemployed; the existing financial system will preclude that. Bankrupt municipalities and provincial governments forced to borrow in order to provide work for indigent citizens would add too great a burden to the taxpayers who to-day are barely able to meet their obligations, some being quite unable to meet them. We have all seen public works in various parts of this country. I have in mind the erection of the barracks in Calgary at a cost of \$1,250,000. There are over two thousand heads of families unemployed in that city. They were given an opportunity to work on this undertaking, each one being allowed possibly three or four weeks. The greatest part of their earnings were taken by the city to meet taxes on the property they happened to own, and when they had finished with this shift of three or four weeks they found themselves back on relief again little better off. The enormous cost of providing sufficient public work for all the unemployed would add to the burdens of the taxpayers of Canada to such an extent that it is absolutely impossible to conceive of any solution in that way.

I cannot too strongly condemn attaching the stigma of relief to over one million of our fellow citizens. These people are not responsible for the situation in which they find themselves. Scientists and inventors have struggled for years to give mankind leisure and to free them from the burden of toil, but we find that mankind, being freed from slavery to production, are enslaved to a financial system that condemns them to poverty and want in the midst of plenty. We have been told that it is better to give than to receive, but I find from reliable sources that the relief quotas paid in some parts of Canada are very, very small. I have

before me the rate paid to relief recipients in the city of Hull. I find that a single person gets \$1.25 a week for food and shelter, and a clothing allowance of \$1.25 a month. A man and wife get \$1 a week each for food and \$1 a month each for clothing. A family of three get \$2.60 a week for food and \$2.60 a month for clothing. A family of four get \$3.60 a week for food and \$3.20 a month for clothing. A child gets sixty cents a week for food and I imagine shares in the clothing allowance of the family. I ask hon. members: Is it not an insult to the intelligence of thinking men and women that these unfortunate people should have insult added to injury, and after being robbed of the right to live and enjoy a measure of equity and an opportunity to contribute something towards the up-building and development of Canada, should be given this mere pittance of relief?

We all know the story of the industrial revolution. We all know how science, invention and organization have contributed to production. I should like to quote a few paragraphs from a speech delivered in Ottawa to the Study Club by the Right Hon. Arthur Meighen. He said:

We are now in a power age, and the effect of this great, gigantic application of power has been not to assist the individual to do his daily work, but to take his place in countless numbers and occupy the posts which multitudes of human beings occupied before. It is the effect of all this to which we have not been able to adjust ourselves, and in respect of which I do not see very much immediate prospect of adjustment along the lines which various nations are traversing now.

He goes on to point out that now a single turbine develops power that it would require nine million people to exert if the turbine were not there. He says also:

In brick manufacture 450 bricks per day was about the maximum

of the individual, and it did not take such a big proportion of the world to supply the rest of mankind even at that rate. Now a single machine makes 400,000, a multiplication of almost a thousand.

There is just one other part to which I would like to draw attention:

World production went on amazingly, not only throughout the war but after, because of necessity, and individuals got money not only for their wages but for other things, money borrowed by the state, and it all added to the circulation of currency, and as a consequence we had what we call prosperity. But during the ten years that succeeded, the volume of products of the human race increased by seventy per cent, and in that same ten years the number of men actually at work producing those products diminished, and diminished by a very severe percentage. And what went on up to 1929, the years succeeding the war, has gone on at an accelerated speed since. Times of depression have the effect of accentuating the necessity from an economic standpoint, and, therefore, the importance of machinery in production and power in production.

Many are coming to believe as the Right Hon. Arthur Meighen now believes, that millions of men now living will never work again. Men are unemployed because at the present time we are able to produce and have produced sufficient without their services being necessary. In that case men are hungry and in want simply because we have an abundance of goods, and no wonder the poet put the situation in these words:

Have you ever been to crazy town
And walked down looney pike?
There are the queerest people there,
You never saw the like,
They make so much of automobiles,
And foodstuffs, and such,
That thousands of them starve
Because they make too much.

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How true that is when we have the fact that 5,600,000 automobiles were manufactured in 1929. There was a turnover of 1,000,000 automobiles, and we find that there is a restriction in production of automobiles. We find factories closing down and men becoming unemployed, because when you restrict consumption, production falls. Then, when you restrict production wages, salaries and commissions fall. And when you lessen the amount of wages, salaries and commissions which come into the hands of those who contribute to the production of wealth, you have a restricted consumption. And the vicious circle goes on and on.

If we say that a man is unemployed because we are unable to provide sufficient work for him, and he is in want because we have not created sufficient out of our natural resources to provide enough for his needs, then the question may well be asked why we do not employ him in creating more. So from whatever angle we view the situation it is asinine. Many have contended that we are in an age of scarcity. I admit that we have artificial scarcity created by shortage, restricted production and various other methods which have been brought into play. This artificial scarcity is created. Surely, however, we must realize that in Canada we have an abundance of natural resources. We have a great housing problem which has been discussed from time to time, and surely it cannot be said that we have any scarcity of labor. Yet the report of the Minister of Labour (Mr. Rogers) indicates that there are hundreds and hundreds of artisans unemployed. We have heard the statement that there are large tracts of timber in danger of going to waste. We have great transportation systems; we have mills and we have many unemployed people who would like to get out of the slums and into homes of their own. But no opportunity is given them to have purchasing power. And those who have control of money or credit to-day, even assuming that there is sufficient, are not prepared to invest their money in manufacturing, in lumbering or in building homes, for they know that the people who are in the slums and need homes have no purchasing power with which to acquire homes after they were built.

If we would analyze our economic system we would discover that the purpose of it is not simply to provide work. Work is a means to an end. It is true that its function is to produce and distribute the wealth of goods and services this country can produce. That is the true function of the system, not simply the provid-

ing of the work. If we have substituted solar energy for human energy, machine power for man power and have deprived man of the means whereby he might live, surely we should find some way of adding to his purchasing power by directly paying him a dividend of some sort. If the machine has displaced him from labor then surely that should be done for him. I believe it must be apparent to any thinking man that the displaced worker is entitled to some return from the machine which has taken away his labor.

May I suggest to the Minister of Labour that in view of the fact that thousands and thousands of the young men of Canada are denied the opportunity of entering into the economic life of the country and are denied the opportunity to help in its development, something should be done. Many of these young men are possibly better qualified than were their fathers to make their contribution towards the development of Canada, but they are denied the opportunity. We find men of fifty, fifty-five or sixty years out working, some of them doing the work of two or three men, while their young sons sit with their feet on their father's table, dependent, their morale becoming undermined and having very little hope for the future. If they have no opportunity to put their feet under the old man's table, they are forced out to relief camps at twenty cents a day.

I say that these young men must be given an opportunity. Graft, greed and corruption must be driven from the boundaries of Canada. We must get rid of disequilibrium in price structure. We must do away with price exploitation and with the great divergence in price levels of the primary producers in western Canada and the manufacturers of eastern Canada. We must do something to lower Canada's great private, municipal, provincial and federal debt, and we must bend our efforts towards reducing taxation so that the people may have more money to purchase goods and services. An opportunity must lie at the door of every man between the ages of twenty-one and fifty to work not eight or ten but possibly six hours a day, and five days a week. But the opportunity must be given them to work for fair wages, and I suggest to the minister that if he investigates he would find it possible to-day to pension those who have reached the ages of fifty or fifty-five so that they could adequately maintain themselves and provide food, clothing, shelter and possibly a few of the luxuries. I believe that if people between the ages of twenty-one and fifty were working we could have a standard of living for all Canadian

people possibly far superior to that which could have been given in 1848, in the days of Carlyle, even if every man, woman and child had been working.

In this country there are 1,250,000 unemployed who are suffering. We must recognize the situation and must not be content with offering sympathy. It is our duty to find some way of restoring purchasing power to them, and if we cannot do it through the public works of the Minister of Labour then what better way could we find than that of paying them possibly a national dividend sufficient to give them the purchasing power to live as they should live?

O
"IF"

With apologies to Rudyard Kipling

A paraphrase suggested by

Mr. Alex. H. Watson.

If you can keep your head till Social Credit has gained the utmost limit of its aim,

If old time politicians get straffing till most of them appear to be insane,

If you can wait, but, help while you are waiting to drive those moneyed parasites from power,

If you can listen to their lying prattings still show them mercy in their failing hour.

If you can dream of honest Social Credit, think Social Credit, and make that your aim,

If you can hear sound money hirelings raving and treat all those imposters just the same,

If you can bear to hear the truth's you've spoken twisted by knaves and made a trap for fools,

But still keep up the fight for Social Credit and build it up with honest workmen's tools.

If you can forward move with Social Credit to save our children from the moneyed crew,

If you can take hard knocks and keep on going prove Aberhart and Social Credit true.

If you can force your age into the background, move on towards the goal though nearly done,

If you can help the many who will falter and fight for Social Credit till we've won.

If you can move about the Province and mix with every lass or creed or band.

If neither moneyed power or friend can buy you, still strive to make the people understand,

If you can fight the fight of Social Credit and taken your rest each night with something done,

Then Social Credit "Sure" will be victorious and, what is more, you'll be a Man, my Son.

"The Fall of Lilliput"

By A. M. Mowat

From the Toronto Star

"An everyone knows," remarked Baron Munchausen, "the Lilliputian Archipelago consisted of some thirty sovereign Island States. Situated as it was, in the wastes of the Pacific Ocean and the heart of the 18th century, it had naturally no intercourse with the outside world and had not our friend Gulliver been able to wreck himself on its shores almost at will, nothing would to-day be known of its sad fate."

"Dear me!" cried Alice, "whatever happened to it?"

"In the month of October in the year 1729," replied the Baron, "it was overtaken by an Economic Blizzard which destroyed bonds and brokers, mortgages and confidence with ruthless cruelty and reduced the Archipelago to a state of prostration without parallel in the annals of the Pacific Ocean."

"Couldn't they get back their confidence?" asked the Mad Hatter sympathetically.

"They strove hard to do so," replied the Baron. "Indeed as soon as the first fury of the storm had abated, their wisest economists met and unanimously agreed that if Lilliputian civilization was to be saved, the inter-island trade must forthwith be restored. 'Tear down your absurd tariffs and trade restrictions,' they cried, 'sell and buy freely one with another and you'll discover Prosperity lurking on every Island.'"

"What did the statesmen think of the pronouncement?" asked the Mad Hatter.

"They appeared to be in favor of it," said the Baron. "Each ruler pointed out with great clarity, that the trade barriers on his neighbor islands were ridiculously high, and one premier in a moment of enthusiasm even went as far as to say that if his nearest island neighbor would remove its tariffs in Toto he for his part would leave no stone unturned or avenue unexplored, in an honest endeavor to reduce his own by ten per cent. So strong was the feeling that something should be done by their neighbors, that the great Empire of Brobdingnag, on which the sun of the Archipelago never sets, actually called a conference of all its Dominions in order to put into practical effect the economists' recommendations."

"Was it a success?" demanded the Mad Hatter.

"Judged by Lilliputian standards," replied the Baron cautiously, "you might say it was. Insult and insinuation of course flew thick and fast but no delegate was killed or even

assaulted, and the conference broke up with the Bonds of Empire almost as intact as the tariffs of the various parts."

"A veritable diplomatic triumph!" exclaimed the Mad Hatter.

"Exactly," replied the Baron, "and thus encouraged, the Archipelagoites called a conference of the whole Archipelago. It was, according to Gulliver, a momentous and solemn occasion, because it was recognized on all sides, that if inter-island commerce did not soon pick up, the civilization of the Lilliputian Archipelago was doomed."

"And did they really tear down their silly old tariffs?" asked Alice admiringly.

"No they didn't," said the Baron, "but Gulliver says he never listened to finer speeches on the necessity for increasing inter-island trade, the danger of rampant nationalism and the determination to leave no stone unturned or avenue unexplored. Then the Conference adjourned."

"Do you mean," cried Alice, "that they did nothing?"

"I am afraid so," said the Baron, "but as a matter of fact the four years following the adjournment were relatively so prosperous that many of the Lilliputians became convinced that there was no real necessity to remove the tariff barriers."

"But what made trade so good?" asked Alice.

"Well, as a matter of fact," said the Baron, "the Archipelago had just then two amazing bits of good fortune. First of all a large number of the islands were blessed with such bad crops that they were compelled to buy food from some of the other islands who hadn't been so lucky as to have a drought. Secondly, that rampant nationalism flared up just then to such a pitch that each of the governments of the various islands started to buy raw materials from their neighbors in order to manufacture poisonous gases, disease bacilli, tanks, aeroplanes and flame throwers. You can easily understand, Miss Alice what a stroke of luck that was for the whole Archipelago. The stock markets soared, the dividends were distributed, and it was generally felt that prosperity had come and come to stay."

"It seems a funny kind of prosperity," said Alice dubiously. "What did the economists think of it?"

"They didn't think much of it," said the Baron, "and when pressed for an explanation of their extraordinary pessimism, they replied, 'We beg draw your attention to the fact that your present so-called "prosperity" founded on scarcity, hate and fear. It can't and won't last. If you don't change your ways very soon one of two things must happen. Either your fight, in which case your civilization will disappear, or if you don't fight your island Governments being unable in the long run to continue the expense of buying war materials from abroad, will have to close down the armament business; then will come unemployment, hunger and revolution. For strange as it may appear gentlemen, neither a scarcity of food nor the hates and fears of you at your island neighbors are a sound foundation on which to build health, wealth and happiness.'"

"Well, well!" said the Mad Hatter "did they fight or revolt?"

"They fought," replied the Baron. "The ruling statesmen reasoned it out very carefully. 'If we shut down the armament business,' they said 'there'll be so much discontent we lose our jobs and maybe our heads, but if we fight, some of us must win.'"

"And who were the winners?" asked the Mad Hatter.

"There weren't any," said the Baron. "They were all losers."

"But what happened to all the poor Archipelagoites?" cried Alice.

"If you really want to know that," said the Baron, "you can't do better than read the present despatches from Spain."

Perhaps you would like to receive this "Review" more often than once each month or perhaps you wish there were more pages—What will you do to help make this possible? Write and let us know.

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LONDON LETTER

An Extract from the "British Trade Review"

If money seems to be coming to you easily, sit down and think it over. There may be something wrong somewhere. It may be that the reason why someone else cannot make ends meet is that your ends are overlapping. And you, being a man of good report and good intentions, would not like to think that. Money is a pest; it is the oldest pest known to mankind. It is an indestructible and ineradicable pest; it is eternal. Patient research, coupled with sacrifice, has found a means to quell the pest fly, and so turn hitherto deadly zones into health resorts; but even the Russians have found it impossible to destroy money, or even to remove its sting.

I was at a meeting the other day when one of the speakers began with these words, "I am going to speak in praise of money." With due respect, I would like to say that nothing can be said in praise of money; it is a curse to those who have it, a curse to those who haven't; a curse to those who want it; a curse to those who cannot get it; and, worst of all, a curse to those who treat it lightly as something not worth striving for and not worth having when it is got.

Thousands of tons of nux vomica are shipped from Cochin to this country, and tons of strychnine extracted from it are shipped to Australia to kill rabbits, which, classed as vermin there, are a table delicacy here, helping the sale of red currant jelly. Money is vermin which battens in all climates and among all peoples; there is no poison to destroy it and no antidote to its toxic effects.

In the shape of gold, money is out of date; in its crude form the precious metal is retrieved from its ancient burial ground, washed, dried and ignited secundum artem, and in its refined form it is replaced tenderly and guardedly into a modern sepulchre of steel.

So gold is not the pest; true, it is sometimes exhumed and sent across the seas to be reburied in an alien cemetery, and, maybe, to be disinterred again and sent on another voyage still undisturbed in its sarcophagus, and yet Tutankhamen rested in peace for two thousand years. Well, then, gold itself is not the pest, since it is hermetically sealed in an inviolate receptacle, and although occasionally used as ship's ballast, is not infectious or contagious.

Thus when we speak of money we do not mean gold; we mean possessions, tangible, if but temporary, possessions; something that is convertible, not into gold, but into some other tangible possessions which are

valued by figures on paper as being equivalent to a certain quota of goods or land or clothes or food or service. But, although gold is no longer money, there is still money and money is still the root of all evil, and, as I have said, a pest.

If money were a measure of worth, there would be something in its favor; but obviously it is not. On all sides we see intrinsically worthless men bulging with money; they know the knack of making it. Who is so contemptuous of the man who fails to make both ends meet as he who has snipped a bit off one of that man's ends? If you shot someone through his right hand, you would surely be unreasonable to call him impolite if he shook yours with his left. Yet that sort of thing has been happening every day since the world began. Thoughts crowd on me, and it is difficult to sift them out. We have seen lately in the papers how easily money is made by those who have the knack of making it; how, without finding a single day's work for a single unemployed person, a man, by a simple trick sanctioned by law of the land, or rather, allowable in the absence of any law to the contrary, can corner more money in five minutes than an honest workman earns in five years. This looks like an exaggerated statement, but if you think it out from the facts that are available to all who read, you will see that I am allowing too much for the honest worker.

Money secured by artifice is just the same money as comes in return for useful labor. So what can you say in praise of money?

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"THEY CALL IT PEACE"

By Irene Rathbone

Continued from Page 1

loan floated and in 1926 pushed it on Austria, setting up for her at the same time a new bank of issue on a gold exchange basis.

From then on, Austria was 'sound'. So sound was she that, debt fettered and forced to grinding economies and taxation, she saw her new-acquired prosperity take flight and went clanking down into conditions of trade depression, hunger, riot, bankruptcies and suicides. The High Priests behind the League, only concerned with balancing budgets and protecting the loan, viewed these conditions with calm.

The same thing happened in Hungary; The same with Estonia; the same with Germany. In each case the little domestic experiment in inflation, with accompanying prosperity, was stamped out by the intervention of the High Priests.

Throughout the years 1921-1926—here earlier, there later,—"soundness" was imposed all round. Both on the conquered countries which had emerged from the war physically poor but had begun building themselves up again, and on the countries which had emerged from the war physically rich and could have maintained themselves so.

And not one Government had the wits to withstand the pressure against it of the greatest force in Europe, Orthodox Banking. Not one Government but made to consider itself 'in debt.' Not one Government but accepted it as natural that its Central Bank, having issued money against the Real Credit of the nation to finance war needs, should cease to do the same thing to finance peace needs.

Statesmen seemed unable to grasp that this post-war period was ushering in an entirely new era, economically. That Nature's powers had been harnessed to machinery for furnishing the whole of the necessities of life. That life might have been transformed.

Obstinately they went on striving to fit to modern conditions, economic theories inherited from the pre-war—even from the pre-industrial—era; theories which already in the nineteenth century were being badly stretched, but which during the war had been rent in holes.

Facts—realities—stared through. Yet statesmen WOULD NOT SEE. And High Priests smiled. For they who did see, had one thing to shield them—and that was the death-like UNIVERSAL IGNORANCE AND INDIFFERENCE of the world's STATESMEN and PEOPLE on the subject of MONEY.

—(From the English Novel—"They Call It Peace", by Irene Rathbone).

In Memoriam

It is with regret that we report the death of so eminent an exponent of the possibilities of Monetary Reform as Frederick Broughton Housser, Financial Editor of the Toronto Daily Star, and the 'Review' extends condolence to those bereaved.

Mr. Housser died suddenly at his home, Monday, December 28th. Although he had been unable to attend his duties for several weeks, his illness did not cause alarm until he suffered a serious heart seizure on the morning of his death.

Born in Winnipeg on January 2, 1889, Mr. Housser was well known in financial circles throughout Canada and the United States. The Review has published articles from his pen and has others for inclusion in future issues. He was a fearless writer and did not hesitate to expose many of the fanciful theories of orthodox bankers.

Harry B. Housser, a brother, is President of the Toronto Stock Exchange.

THE FREEDOM OF THE PRESS

The many mis-statements concerning the theories, principles or developments of Social Credit that appear in the press despatches and editorials must lead the average reader to believe that either there is a woeful lack of knowledge of the subject on the part of the Editors or that the mis-statements are part of a deliberate campaign to confuse the people. An editorial in the Winnipeg Free Press of December 4th reads:

"The indisputable evidence now being given before the Wheat Commission, that we cannot sell our wheat if we do not take payment in goods, will make no impression upon Social Crediters and others who are determined to believe that International trade is a thing of the past."

This is a definite falsehood. Social Crediters believe in International trade and they know and teach that the only way that goods imported are paid for is by exporting goods and Social Crediters further state that Imports and Exports MUST BALANCE. There cannot always be a favorable balance of trade as the experts would like us to believe. One of the leading bankers recently stated that the only way that countries can remain progressive is to ALWAYS export MORE than they import. Social Crediters ask—how can EVERY country ALWAYS export MORE than they import?

In an article "Truth is funnier than Fiction" (Liberty Magazine, October 31, 1936) the writer states that the "Standard Oil Company has traded oil for mouth-organs BECAUSE Germany cannot export its currency." Mr. Norman Jaques, Social Credit M.P. for Wetaskiwin, replying of this article pointedly said:

"Countries do not export their currencies; imports are paid for by exports and any excess exports are

financed by extending credit to importing Country which thus gets into debt."

The inference that the writer of the "Liberty" article wishes public to accept is that countries trade their currencies—money, goods. Money is only the medium of exchange, it has no value in itself; it will not make satisfactory food nor clothing nor will it provide shelter of itself. Money is only useful in that in the exchange of it other goods or services, human needs may be satisfied. But what the man who should get this money for his goods? It is again only useful to him when he exchanges it for goods or services.

Again, an Editorial in the Winnipeg Free Press, of December 28th, entitled "Social Credit and Unemployment" attacks the S. C. Government of Alberta and takes as its text, on clause from the S. C. Platform of 1935. The clause quoted:

"Social Credit at once removes the demoralizing effect of unemployment by the issuance of monthly dividends based on the cultural heritage of citizenship."

The Free Press says "Note that at once". There was here no suggestion of long delay before the magic would begin to operate."

The Social Credit Platform said that S. C. at once removes the demoralizing effect of unemployment. It does not say that dividends could be paid at once,—but once S. C. Dividends are distributed the demoralizing effect of poverty, relief and charity hand-outs would be removed.

However, the "Freedom of the Press" according to some editors appears to mean freedom to distort statements or to take certain passages out of their original setting and then draw inferences that are deliberate mis-statements.

Sound Money

(By Sub Rosa in the "Periscope")

One of the favorite pastimes of our most popular after-dinner speakers consists in telling us that we can't afford this—or that—or the other thing. We can't afford to keep people on relief; we can't afford to repair the roads or clean the streets; we can't afford to tear down the slums or build good housing; and so on, ad nauseum. What do they mean when they say that we can't afford these things? Are they uttering a solemn truth, or repeating, parrot fashion, a meaningless phrase borrowed from the past?

Let us imagine two groups of men and women cast away on two separate islands, far from traffic lanes and without hope of rescue. Both groups are equal in health, intelligence and energy. The first group have managed to save from the wreck a vast sum of money—in solid gold coins, if you like; but find that their island is absolutely barren. The second group have no money at all; but they have a few tools and their island is a fertile one, with a mild climate and abundant wild life.

Now, the first group are well supplied with money and can AFFORD all sorts of things—electric light, radios, cars, theatres,—anything, in fact to which they may take a fancy. But they are doomed to die of starvation, thirst and exposure—IN SPITE OF THEIR MONEY!

It is equally safe to say that the second group will make themselves comparatively comfortable in a short space of time and will eventually develop a prosperous community, despite of their LACK OF MONEY! No use telling them that, having no money, they cannot afford coconuts for lunch. There are the coconuts on the trees, by the thousand; all they have to do is to climb the trees and pick them. No use telling them they cannot afford wooden huts for shelter, when they have the tools, a little skill and plenty of trees. They will

go even further in their obstinacy, and make tables, benches and cots. In time, they will build themselves boats; and eventually, in defiance of all the canons of sound finance, enjoy a little leisure.

The fact is, of course, that they can afford anything which their energy and skill can produce, if the raw material can be obtained on their island. And the same holds good for any country which possesses natural resources and an energetic people. If there is a crying need for better housing—and there is—the only vital questions are, first, can we produce the materials? and second, have we the necessary skill and labor?

So, too, with many other features of civilized life—schools, hospitals, roads, bridges, water and sanitary systems, to mention only a few. These are the things which we do without, during depressions, because we believe the men who tell us that we can't afford them. The truth of the matter is that we cannot afford to do without new buildings, new roads and so on.

Part of our population produces food, clothing and similar basic commodities; while the remainder produces the more permanent things, such as buildings, and the essential services, such as medical attention, education and so on. When the men and women in this second group are not working, they cannot buy the output of the first group. Our whole modern social structure is based upon this division of labor, and it is headed for a smash because the leaders of public thought are blind to the realities.

The realities are these:—on the one side:—

- (1) Idle workers, unable to buy for themselves, food clothing and shelter;
- (2) Quantities of bricks, stone, cement, steel lying unused;

- (3) Railways in urgent need of job of transporting that material;
 - (4) All sorts of expensive equipment rusting into uselessness.
- On the other side:—
- (1) The need for schools, hospitals, good housing, roads, etc.;
 - (2) Plenty of food, clothing and other necessities for the builders and their families.

What more is needed? One thing only, and that is, MONEY; and not a very great sum of money, at that. It has been reliably estimated that two hundred million dollars would put to work practically all of the available construction labor, and that the rest of the unemployed would soon be back at work as a result of the increased demand for goods. Is it worth two hundred million dollars to set the people of Canada on their way toward the abundant life?

The next question is, how is the money to be provided? There are three possibilities:—

- (a) taxation;
- (b) borrowing;
- (c) creation of money.

First, taxation. This is regarded as "sound" financing, but unpopular. The very men who tell us that we must stick to "sound" money would lead the chorus of squealing if additional taxation were proposed. The politicians know this, and the Government, therefore, is not likely to consider it very seriously. Moreover, the working people of the country know very well that if any way can be devised for loading new taxes on to their shoulders, it will be done. The only tax which cannot be passed on to the public is the income tax, but the Government will not increase that, if it can by any means avoid doing so.

Second, borrowing. This also is "sound", and has the added advantage of being popular with financiers; which is not surprising, since it enables a select minority to live in luxury without the necessity of doing a tap of work. But it is anything but sound, from the point of view of the country at large and the working

(Continued on Page 5)

The Social Credit Review
Published Monthly by
The SOCIAL CREDIT ASSOCIATION
of MANITOBA
199 Osborne Street, Winnipeg

Editor: A. C. Benjamin

Subscription rate 50c per year.
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Editorial

Under the caption "What's behind the News," Mr. Grattan O'Leary addresses the radio audiences of Canada twice each week. He speaks in the interest of the Life Underwriters Association of Canada.

We have no desire to belittle the comfort and assurance that life insurance has brought to many homes on the death of the breadwinner, nor do we underrate the careful management that has been displayed by those responsible for the handling of the enormous business of life insurance companies. Under the present economic set-up, life insurance would seem necessary.

We do challenge the statements of Mr. O'Leary when he directly or by inference, pictures a situation that would foster a continuation of the present economic debt-laden, poverty ridden, order.

The Canadian people, in common with the rest of the world, are developing a desire to ask questions concerning the doubtful necessity of our present condition of poverty and distress when at the same time they see an abundance of everything necessary for human happiness. The insurance companies through their advertisements, create FEAR in the minds of their readers.—What will your family do if you are suddenly taken?—Have you made provision for your loved ones?—Why be a pauper at 65? and so on ad nauseum. Fear of the ability of the world to be able to produce; fear of the machine taking your job; fear that your employer will decide that you are too old at 50. So you are told to be thrifty and save and protect yourself and loved ones against that evil day. So you save and insure—and so with many more of our people.

Now we ask, how did these many people get the money to pay premiums and to save? Of course they worked and produced goods and services. You will note that they produced goods and their wages were added to the cost and the price of these goods. Millions of Canadians worked and produced goods and the money found their way to the shelves of the stores. Then the people took

their wages and saved. Supposing everybody saved all their wages; then none of these goods would be sold and everyone would be laid off. Ridiculous of course. Now supposing that half of the wages were spent and half saved; then only half of the goods could be purchased (subject of course to the manufacturer not adding anything for reserve and depreciation) there would be a surplus of goods. If 90% of the money was spent there would still be an unsold balance and unsold balances mean too much produced according to business ethics so someone must be laid-off.

What we are trying to show is that goods to the amount of the savings and reserves of the people and companies cannot be sold until these reserves and savings are spent. So some are laid off and their savings dwindle. Then banks and financiers say— isn't it fortunate that they had money saved against this unfortunate day. The saving or withdrawal of this money from circulation was the cause of the lay-off. Perhaps you did not have any savings except life insurance so you borrow against your policy and the company graciously grants the loan and charges you 6% to borrow your own savings (premiums).

Some did not save they spent their all, keeping the money in circulation and are considered thriftless and they too may be among the ones laid-off so the government must come to the rescue first they borrow from the insurance companies and banks through the sale of bonds, then issue this money as relief or spend it on public works such as roads, bridges, etc., to give work to those that industry has laid off. Then the vicious circle starts all over again—Beware! you may be the next to be out of work; Insure—Save—Protect your loved ones—tighten your belt—the Bogey-man, FEAR of the future grips you—and so you save, buy less, and someone else is laid off. Or, perhaps it is others that save, buy less and you are the victim of unemployment or you cannot sell your farm product.

Then the bulwark of the nation comes to the rescue again. This is the way Mr. O'Leary words it "the savings of these millions, through the medium of the life insurance company and the bank, are put to work actively for the good of all of the people."

The government borrows and all of the people are thus made partners in the DEBT to the insurance company and the bank. The people must pay taxes so that the government may redeem their debt with INTEREST in order that the insurance company and the bank may pay dividends and interest to their shareholders, policy-

holders and depositors and since each institution retains some as reserve each financial period, keeping this out of circulation, except it be re-loaned, making it impossible for everyone to meet All their debts.

Our government debt grows greater by \$1,000,000 each day and has so grown since 1919, and provincial, municipal and private debts add to this figure, thanks to the "contribution to our civilization made by these two great institutions" (banks and insurance companies).

In another broadcast, Mr. O'Leary drew attention to the wonderful contribution being made by large financial and commercial concerns in the distribution of some \$4,000,000,000 recently announced. This distribution is to be made to shareholders (dividends and bonuses) and wage increases and bonuses to officers and employees of the various companies. Mr. O'Leary remarks that this "is not a bad testimonial for the capitalist civilization." What he fails to state however, is the reason for this sudden decision to distribute the surplus reserves. He deliberately ignores the fact that President Roosevelt's Bill to heavily tax all reserves and undivided profits after January 1, 1937 and rather than pay over to the government (the people) these huge reserves, the directors of the companies magnanimously divide them among the "scores of millions of the common people." Shall we examine further what these "scores of millions of the common people" really get? Wage increases to employees—this is made to appear wonderfully good for the people and everyone is supposed to be happy—but, wage increases mean increased costs and increased costs mean increased prices—not so good. Then the wonderful bonuses and increased dividends to shareholders. The widow with her one share gets one share of the bonus; the financier and stock promoter with his 1000 shares receives 1000 shares of the bonus. The scores of millions of common people will get a share, but how big a share?

This reminds us of the story of the rabbit-pie business that Jeff originated. Mutt asked Jeff how he could sell rabbit pies for so little. Jeff admitted that he mixed some horseflesh with the rabbit. In what proportion he was asked. Oh! replied Jeff, I use an equal part (share) of each a 50-50 mixture—one horse, one rabbit.

The people are beginning to think. In spite of armament contracts, surplus millions distributed, relief and public works; POVERTY STILL EXISTS.

What civilization brings to a heathen country: New missions, munitions.

TAXATION IS ROBBERY

Under the above heading the "New Era" (Sydney, Australia) remarks that "to say that taxation is legalized robbery is no exaggeration."

The article asks the reader to consider that fact of taxation from many angles and makes the reader realize that he and his dependents are vitally interested and affected by the 'colossal growth' of taxation. Everything you eat, drink, wear and use, yes, and what you earn, is taxed many times. There is a tax and license on the maker of the machinery that your manufacturer uses. This tax and license cost is added to the price of the machine. Then the manufacturer adds the cost of the machine and the license and taxes that he himself must pay, plus his other costs to the price of his manufactured goods. Then the transportation company has to pay taxes and license so they add these to the cost of the freight. The wholesaler then buys the goods and adds that they include a proportion of the cost plus taxes of the machine and the cost plus taxes of the transportation company, so he proceeds to add his cost plus a proportion of his taxes and licenses and passes the total cost to the retailer. The retailer adds his own cost of doing business which includes his taxes and licenses and you must pay the combined cost and taxes of all when you buy your food clothing or other materials.

The Federal and State taxation of Australia has grown from 16 million pounds in 1913 to 95 million pounds in 1935. An increase of 500% and you naturally ask the cause. Australia like Canada has been trying to borrow

itself out of debt, with the result that interest takes over 50% of their tax collections so they must borrow more and more. In 1860 the National Debt of Australia was 12 million pounds. In 1935 it had grown 1250 million pounds. The debt has doubled itself every ten years and today Australia pays in interest (or should pay) on her National debt alone, \$5,000,000 per week or approximately \$550 per minute.

The solution is to be found in the Nation asserting its sovereign right to control the monetary system. It is the function of government to CREATE money NOT to BORROW it.

You owe it to yourself to study this condition. Do not let others do all the thinking for you. Don't accept all the statements of Social Crediters until you have studied them. Form or join a study club and discuss the possibilities of monetary reform. The nations are borrowing and creating credit for WAR—SLAUGHTER—GAS MASKS—CONCRETE FORTS—and we are told that by the spending this vast sum of money, prosperity is turning the corner, prices are rising, wheat is well over the dollar, employment is better, the steel industry of Nova Scotia is working 93% capacity, nickel is in demand, cotton is selling, aeroplane development is being subsidized, and so on. Cast your bread upon the waters—it may return in many days as a bullet or bomb, certainly in the form of taxes and another cycle of depression which we are told by finance is caused by supply and demand and sun-spots.

If the Nation controls the issue of currency and credit, makes the tickets to move the possible production of the country, taxation will not be necessary, except for the vital services, certainly not for interest.

President Roosevelt said something yesterday when he said: "The test of our progress is not whether we provide more for those who already have too much, but de we provide enough for those who have too little?"

R. H. THOMPSON ADDRESSES SOCIAL CREDIT CLUB

The Fort Rouge Social Credit Club had as its guest speaker Mr. R. Halliday Thompson, M.A. (Camb.), of London, England, at their regular study meeting on Thursday evening.

Mr. Thompson in opening his address stated that the development of a thinking public was one of the outstanding results of the educational campaign for Social Credit.

Proceeding directly to the main thought of his talk the audience were taken on a tour of inspection of fundamentals of the Social Credit theory. Illustrating his remarks by reference to statements by prominent economists and Governmental surveys, Mr. Thompson explained the fallacies of a system that relies on Exports; Wage-increases or Campaign of Public Works as a means of delivering the people out of a period of economic distress. Each of these methods, he explained lead to borrowing, increased taxation or higher prices. So far there is no method for financing consumption, under the present system. Social Credit plans to finance this consumption.

After considering the various reports of financial and orthodox bodies relative to the apparent cause of our present distress, we are yet to be satisfied as to the real cause. The report of the commission headed by Sir John Orr contains the statement that in the Rhonda Valley, Wales, the consumption of milk only averaged one-fifth of a pint per family per week. Yet, we are told that millions of gallons of milk were poured down the sewers of London because there was too much.

Concluding his address with a resume of the activities of the S.C. Party of England, Mr. Thompson quoted "Buying power is a human institution which can be controlled" and the remarks of the chairman of the U.S. committee appointed to make a survey of the economic situation that a realization of the people of America in their ability to produce would lead to an era of abundance and prosperity.

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Mock Democracy

By H. C. DUNN

(Reprinted from the Social Credit Review)

In March 1936 a resolution was passed by the Federal Parliament of Canada giving all needy blind persons in Canada over the age of 65 a pension of \$20.00 per month.

The estimated annual cost of this pension was \$40,000,000 or, allowing an additional 20% to take care of any possible error in the estimated number of those eligible \$62,736,000. From the ratepayers' point of view it would be quite fair to call this, in round figures half a million dollars.

Members of every party spoke on this resolution, every one for it, not one against. Conservative, Social Credit, C.C.F., all were in favor. They favored it for every reason—on humanitarian grounds, on grounds of morality, etc., and all agreed that all shades of public opinion would be united in favor of such a scheme, and one and all agreed that, although the care of the blind was, according to the B.N.A. Act, strictly a matter for the provincial legislatures, it was only right that the federal government should come to the assistance of the provinces in this matter.

Thus was the will of parliament expressed on March 9, 1936, and so was it recorded in Hansard but—until we have control of our own currency and credit all talk of the sovereignty of our parliament is idle and futile. So the debate ended in these words, spoken by Finance Minister Dunning, and recorded in Hansard of March 9, 1936, page 970:

"Naturally I would prefer to say immediately—it would be nice just for once to BE ABLE to say—yes, instead of HAVING TO SAY no to almost every request either for greater expenditure or for lower taxation. . . . While acknowledging the desirability of assisting in the discharge of provincial responsibilities with respect to it, we do not feel justified, in view of the state of the country's finances, in promising to do so at this session."

And that was that.

And now, less than nine months later, we are told that we are to have a fifty million dollar defence program. But how can that be? We cannot afford a half-million for our unfortunate blind. Then how is it possible that we can afford a hundred times that amount for armaments? Is it permitted to ask 'Where is all the money to come from?'

But assuming that this report about Canada embarking upon a fifty million dollar armament program is true, then we all know where the money will come from. It will come from that place where there is:

Little enough for Mercy but millions for Cruelty;

Little enough for the Blind and Afflicted but millions for the Merchants of Death;

Little enough for Love but millions for Hate;

Little enough for Virtue but millions for Sin;

Little enough for Peace but millions for War.

It is the place from which this land of Canada is really governed. We are only a mock democracy, our parliament is not sovereign, the will of the people in no way interferes with the will of the financial system which dictates to the people of this land what they shall do, what they shall have, what they shall suffer.

And it suits our financial dictators that we shall embark upon a program of armament, to the further enrichment of the merchants of murder, the salesmen of slaughter, the vendors of viciousness. We are going to invest in the wares of these inhuman beasts in human form to the tune of fifty million dollars, we, who cannot afford half a million dollars to bring some small consolation into the lives of our destitute blind.

What a dreadful travesty of democratic government is this, in a land that has the polished forms of democracy yet does not control its own currency and credit; a land, the rank and file of whose citizens know the methods of these murder merchants, the method that enabled Zarahoff to amass a private fortune of one hundred millions. Do the Canadian people will that their country shall bristle with armaments and their destitute blind be left to shift for themselves? Yet that is what is being arranged for us. We are going to accept such an arrangement without protest?

They are not lacking those who will argue from this obvious ineffectiveness of the will of our parliament that democracy has failed, that it should be abolished, and some form of dictatorship substituted. Or, in

other words, since our political forms of democracy are ineffective we should abolish them rather than make them effective. A peculiar argument, to say the least.

Would it not be more sensible to make our democracy effective? This can be done. The Rt. Hon. Mac Kenzie King has told us how to do it. Let us insist that our Dominion parliament face its 'most conspicuous and sacred responsibility' by assuming full and complete control of Currency and Credit, administering them so that they serve industry instead of, as at present, control industry.

Then Canada will no longer be a mock democracy but the world's first real democracy and talk of the sovereignty of our Parliament will no longer be "idle and futile."

HOW TIMES HAVE CHANGED

In savage tribes where skulls are thick and primal passions rage.

They have a system sure and quick To cure the blight of Age.

For when a native's youth has fled And years have sapped his vim, They simply knock him on the head And put an end to him.

But we in this enlightened age Are built of sterner stuff, And so we look with righteous rage And deeds so harsh and rough.

For when a man grows old and gray And weak and short of breath, We simply take his job away And let him starve to death.

—A. C. Fish in Grit

NOTE AND COMMENT

One writer recently stated that once the eyes of the people are opened wide to the hidden designs of the system of High Finance and the cause of the intolerable conditions that now exist, when that day comes it will need almost superhuman restraint to keep their emotions in check.

The Age of Scarcity

D. Meecham, St. Vital S. C. Club

Though we do not know much about it, all of us are vaguely conscious in what we call instinct. Particular instinct that concerns the powerful one of self-preservation, the one that tells us to be careful of the future.

The instinct is a form of fear and may call it the fear for tomorrow's life. It is a most understandable fear for we all agree heartily that on this planet, Earth, has never in any marked tendency to treat man, as a spoiled darling, to help him unless first (and by no means always then), he helps himself. On the contrary, the normal condition of man, saint or sinner alike, is of ceaseless struggle against a permanent, dreaded, age-long assistance in the world that he never been able to banish or conquer change. Mankind is ever up to the neck in the saying does.

What we put our finger on this "it"? Is this thing that breeds in us a deadly and instinctively a fear for the future? Is it not SCARCITY, that scarcity, possible, probable or real? Animals in fighting or prey upon each other are fighting to fight each other unless forced, to combine their forces to overcome scarcity and challenge it with their inventiveness, cunning and adaptation.

Everywhere we look we find the same story. It is not asserted, for example, that the majority of men die of starvation or cold. These conditions do happen it is true, but they are not the rule. Suicides and famines are periodical but exceptional. What is meant is that the general condition of man's supply reaches just the point at which man though he is to keep alive, is unable to live in a care-free, let alone fully contented, but with a back so bent and so furrowed by anxiety, that man was impelled to describe his condition as "heaps of agonizing people struggling with one another for scraps of food." For though the food and the clothes and the shelter there, there was never an abundance of them. Or if there was, it could not be got hold of and used. Nearly all of man's time energy is spent in an effort to supply himself with the means whereby to climb the ladder could command great supplies of wealth and money, but they too had to spend their time and energy in getting the wealth and then in preserving it. Man may not be able to live by himself alone, but it is unquestionable

that scarcity has forced him throughout history to devote virtually his whole life to getting bread and get it he does, but always only enough to give him strength to maintain the fight, never enough for him to win it. In short, the human scene unfolds itself at a level near to starvation and bankruptcy, that if the level sags ever so little it touched them.

The rude fact of scarcity on this planet must have taught man early in his career, the necessity of the virtue of thrift. Those who were not clever enough to seize their neighbor's goods by cunning or force, found thrift a prime condition of their survival. Then, added to the art of fighting for scarcity's fruits; of bargaining for them; of conserving them, human ingenuity gradually created the art of coaxing and compelling Nature to give a fuller yield. Thus man learnt to turn the surface of the earth over and over, clod by clod and year by year; to water its barren places and bore its rocky ones; to drag the seas and to devise a dozen ways of killing animals or of breeding them in order to kill more.

Agriculture, mining, fishing, hunting, breeding, lumbering; to these some devoted their energies so that others could turn what they had garnered and produced into food and clothing and shelter, while yet others by craftsmanship and art were able to make useful and beautiful articles. Yet never did all this ingenuity and organization succeed in banishing scarcity from the earth, for ever as the field of man's labors spread, so he himself multiplied and the number of mouths and needs multiplied in proportion. There was never more than just enough to go around, and the food and the clothing and the shelters and especially the coveted luxuries, were still so scarce that men by the host fought for them.

When conflicts are fought with clubs or guns we call it War, but conflicts go on just the same in times of so-called 'peace', though the weapons used are different. And that is the essential history of the world; a tale of scarcity and battle, and, provided man worked most of his life to satisfy his bodily wants, he was able to exist.

A New Era has dawned! The age of Scarcity is past! Mankind has Won! Thanks to his inventive genius, an abundance of life's necessities is now possible. The New Economics, Social Credit, suggests a method for the full distribution of this abundance of goods and services. The community can produce much more than we now have and are not only willing, but anxious to produce more and more; why should this production be stopped or limited to the amount of paper tokens (money) that finance decrees and controls?

Sound Money

(Continued from Page 1)

population in particular. Since the close of the War, the people of Canada have paid in principle and interest a sum greater than the amount of the National Debt, and yet the debt itself is larger now than when they started! Borrowing money at interest for national purposes has proven to be one of the worst curses now afflicting humanity.

There is only one possibility left—creation of new money. This is regarded as utterly unsound. Our "sound money" enthusiasts will tell us that a Government can only issue money for which it has gold backing. More gold, more money; less gold, less money—that is the theory of the Gold Standard. But what has gold to do with the realities which we have been discussing? If all our gold were stolen from the vaults of the Bank of Canada, are we to call in all our money, stop doing business, fold our hands and wait for death, with all the real wealth of our country waiting ready to be used?

We are here brought face to face with one of the worst enemies of the human race—the Gold Standard—which is a device invented by International financiers to facilitate their gambling in world currencies. This is the great enemy outside our gates. And the people who live on interest—that is, a profit on money for which they give no service—are the enemy within the gates. The one restricts our issue of national money; the other wants to compel us to borrow.

A truly sound money system is one which will enable all our people to enjoy the abundant life for which God has given us all things necessary. We shall never have one, so long as we permit gold and the interest system to dominate our lives.

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Slums, Hovels and Interest Rates

By A. M. MOWAT

In the Toronto Daily Star

"No one," said the Mad Hatter firmly, "appreciates more clearly than I do the evil of slums."

"You surprise me," cried Alice. "Why only yesterday you were proclaiming that the people who lived in them wouldn't be happy anywhere else—that it was a cruel shame to disturb them."

"You must be mistaken," replied the Mad Hatter stiffly. "Anyway I don't think so to-day, so why be disagreeable."

"What made you change your mind?" asked Alice.

"My doctor," replied the Mad Hatter. "He said, I must be mad not to abolish them. 'Don't you know,' said he, 'that if you make people live in a slum they're only too apt to get sick?'"

"I don't see why that should worry us," yawned the March Hare. "You and I don't live in the slums."

"Of course we don't," said the Mad Hatter, "but my doctor told me an extraordinary thing—I never thought of it."

"What was that?" asked Alice curiously.

"He said, that disease germs not only have a natural inclination to travel, but have no respect for persons of wealth and position. And now," sobbed the Hatter, "whenever I think of my wife and children, living on Nob Hill, my blood runs cold."

"How about the wives and children in the slums?" demanded Alice. "Does your blood run cold over them?"

"Oh! that's quite different," smiled the Hatter. "They're insured to such conditions. It's probably good for them. But seriously, Miss Alice, slums are dangerous. After my doctor left I had a chat with an economist."

"And what did he say?" asked the March Hare.

"He said," replied the Mad Hatter in an injured tone, "that I was a fool to allow a slum to exist. 'You're always howling about taxes,' said he, 'and yet, by permitting slums, you're making them higher and higher. Slums mean more hospitals, more clinics, more asylums, more people unfitted by misery to earn a living. Even if you haven't got a brain or a heart, you've at least got a pocket-book—why not protect it?' He also said something that may interest you, Hare."

"What?" said the Hare sleepily.

"He said slums destroyed land values."

"My whiskers!" cried the March

Hare, "that's a ghastly thing to say, Hatter. Perhaps we really ought to do something. How about asking the Governor to hold another investigation? But are you sure he wasn't joking?"

"He seemed serious," said the Mad Hatter doubtfully, "and even yet you haven't heard the worst. For he told me privately that unless we got the construction industry on its feet, we'd never get the unemployed off our hands. 'Besides,' said he, when people become too wretched they have been known to indulge in revolutions and bloodshed."

"Did he make any constructive suggestions?" asked the March Hare, shivering violently at the word 'revolution.'

"Yes," said the Mad Hatter, "he did, but it was so monstrous that I don't like to repeat it."

"Go ahead," urged the March Hare, "it can't do any harm—after all, the fellow was only an economist."

"Well," said the Mad Hatter, "he had the bad taste to suggest that as you and I, Hare, were finding it impossible to loan our money anyway, we might just as well cut our interest rates and make building loans for working men's cottages at three per cent., or less and forget about eight and ten until the country had got on its feet. He assured me that if we'd cut interest rates instead of wages, thousands of home would be built, slums would disappear, unemployment would fall, and the country would get out of the depression."

"Well, of all the crazy suggestions," sputtered the March Hare. "Doesn't the creature know that cutting interest rates makes money cheap?"

"I told him that," said the Mad Hatter. "I said to him, 'but, my good

fellow, even if you are an economist can't you see that what you suggest is tantamount to lowering our interest rates? What's the good,' I asked 'of us having a credit monopoly can't keep the interest rate where we want it?'"

"Did that make him see the suggestion was grossly unworkable?" asked the March Hare.

"No, it didn't," replied the March Hare. "He became downright pertinent. He said, 'why should money be cheap, everything else is expensive. Besides, you know you can't get your money at the old rates, so not take what you can get? a loaf is better than none.' And he made a terrible remark. In my opinion it was blackmail."

"Out with it," cried the March Hare.

"He said," replied the March Hare in a shocked voice, "that if we use our credit monopoly for the use of the people, the government must step into the loaning business, and make money cheap enough to allow the people to have homes instead of hovels."

At this, the March Hare turned red that Alice was afraid he was going to have a fit. When he recovered he whispered in a choked voice, "Hatter, all you say about disease, insanity, bloodshed and even matters like higher taxes and land values may be quite true, if our government ever dared to fringe our money monopoly and lower interest rates, I—I'd go and live in Nassau and shake the income tax the dust of Canada off my feet."

"And I'd join you," said the March Hatter. "After all, a man must live by his principles."

"And his interest," added the March Hare. "Bosh!" said Alice.

A Plus B Theorem

Theorem is a proposition submitted for proof. It was first stated by Douglas in explaining his known technically as his Theorem divides all payments into two classes—"A" payments and "B" payments.

With little actual experience in business, Douglas will readily agree that the article sells for, or it must be sold to some other item offered by that firm or individual, or that firm or individual must sell his product for a price more than his actual expenditure, otherwise he builds up a heavy load of debt and ultimately loses his equity in his farm and his business, or else he must compromise with his creditors. These creditors have to add his loss into their costs since they too must in all costs in their prices otherwise they too will fail.

"A" costs referred to by Major Douglas are those payments which are made to individuals as wages, dividends, commissions, etc. "B" payments, those payments made to other firms either immediately or at some future date. These payments would include such items as: Materials; Overhead (light, rent, etc.); Interest; Depreciation; Reserves and the Tax and Insurance costs.

The A and the B payments are charged into the cost of the product, therefore the price of the product = A costs plus B costs.

"A" payments (wages, salaries, etc.) are immediately available to the goods, whereas the "B" payments are recovered through sales, and retained by the firms concerned to finance the next batch of goods to be manufactured or returned to the bank as repayment of a loan.

Portion of the money or credit loaned to the bank to repay a loan of interest, there will not be left in circulation to buy the goods manufactured unless someone is granted to people for the purchase of goods unless they are working and producing goods.

We were to examine the cost of a manufacturer we would find that to determine the price of a manufactured article he must add the following items of cost, thus:

Wages, salaries, etc. (say) \$1,000.
Depreciation (say)..... 100.
Interest (say)..... 100.
Total (say)..... 1,200.

Depreciation (say).....	100.
(paid when buying new equipment—in 5 years)	
Reserve (say).....	100.
(added to capital a/c not paid out)	
Raw Material (say).....	1,000.
(paid to other firms)	
Total cost of goods	\$2,400

You will note that the only immediate payment available to buy the manufactured goods is the item of wages (\$1,000). True the Raw material account will be paid to some firm who will in turn pay out some wages, but that firm will also have to make provision for interest, reserve, dividends, etc. and will only pay out a portion of their receipts for sales in wages, and this payment of wages will be to employees to assist in producing more raw materials, and the same applies to all production.

The question naturally arises, "How can \$1,000 of "A" payments buy all the goods produced and priced at \$2,400?"

The only answer is that all goods cannot be purchased unless more wages are distributed and this means more goods must be produced, or more roads must be built and the money borrowed (to be repaid through taxes on your next earnings), or buildings erected (capital goods) but the cost and interest and carrying charges of buildings are all added to the price of the next and future goods produced. The fact however, is that this borrowing is exactly how this deficiency has been made up during the past and we must realize that very few of these loans are ever repaid. Our National debt is one example; each bond issue is taken up at maturity by the issuance of another bond sale greater than the amount of the retiring issue.

Since each manufacturer, retailer, farmer and even the unskilled wage earner must set aside some amount to take care of his interest, his loan, his insurance, his taxes, and his reserve for contingencies, and since all these amounts went into the price of the goods on the shelves and are not used to buy the goods so made, the goods or a proportion of them must remain unsold under our present monetary system unless someone, some firm and/or the government borrows and distributes the borrowings to enable all of the goods to be bought. If the goods are not sold, there will be a surplus of goods, workers laid off, savings withdrawn, homes mortgaged and another cycle of Depression.

Some have advanced the statement that in this discussion we have not mentioned the matter of Exporting the surplus. Exports can only be paid

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for ultimately by importing from other countries to the amount of the goods exported and if we have not sufficient purchasing power to buy our goods produced how is it to be possible to purchase the imported goods?

The present monetary system fosters a continuous cycle of debt-borrowing to balance the insufficiency. Social Credit offers the solution to this insufficiency by issuing through the government (the people), debt-free dividends and compensating price discounts in sufficient amounts to bring the purchasing power (consumption) of the people and the potential production of the country into proper balance.

—A. C. Benjamin—

CANDID

Perhaps some of our readers missed the significance of the words of Prime Minister Stanley Baldwin when in his speech in the House of Commons, and discussing the abdication of King Edward VIII he said:

"... In this last week, I have had but little time in which to compose a speech for delivery today, so I must tell what I have to tell, truthfully, sincerely and plainly."

Are statesmen not supposed to "tell what the have to tell, truthfully and sincerely" even if they have time to prepare a speech?

On another occasion Mr. Baldwin stated that if he had before the elections declared the policy that has since been followed, the government which he leads would have had no chance of being elected.

Some of our politicians must have taken a lesson from Mr. Baldwin. They would not have been elected if they had declared themselves as they have since the election. They differ, however, in that they lack the candor of Mr. Baldwin.

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THINKING

Mr. C. H. Huestis in an article entitled "Straight and Crooked Thinking" deals with this subject in a manner that applies to the present day era exactly.

He repeats the story told concerning the poet Southey. Southey when talking to a Quaker lady one day, explained how busy he was and how fully his day was occupied. He told her how he studied the Portuguese grammar while he was shaving, how he read Spanish for an hour before breakfast. After breakfast, he wrote and studied till dinner how, in a word, his whole day was filled with writing, reading, eating, walking and sleeping; and when he had finished, the lady inquired: "But, friend, when does thee think?"

Should we not ask ourselves this pertinent question. We have a busy life, reading, writing, earning our daily bread, walking and sleeping. Our reading is digested for us, our amusements are passed by the censor for our entertainment, our financial men take care of our surplus stock, our bankers invest our savings, our government decides our policy, our newspapers decide what we shall read—WHEN DO WE THINK FOR OURSELVES?

Mr. Huestis repeats the words of Carlyle "A thinking man is the greatest enemy the Prince of Darkness can have."

Financial powers are doing our thinking for us and they tell us that there is no money for peace, but in time of war we must rally and use all our resources to defeat the enemy, and we allow this thought to be our thought. Minister of Finance Dunning recently stated with a warning that "nothing could do Canada more harm than for the idea to go abroad that this House favored currency and credit inflation" and because he said so millions in Canada will agree. Have you done your own thinking and asked what has ideas going abroad to do with our ability to grow wheat, to dig coal, to smelt iron, to build houses, to repair roads, to make clothes and distribute what we are able to produce?

Mr. O'Leary tells us that the life insurance companies paid out over \$150,000,000 last year. Think, he says, what this meant to industry, goods were purchased, homes built, etc. Think, says Mr. O'Leary (speaking for the insurance companies), think the way we want you to think. In reply we ask our readers to think how it was that the insurance companies got this money to pay out. Did they not get it because the people first paid it in. The amount paid in each year is greater than the amount paid out.

An editorial states that the 50,000,000 dollar home improvement loans will put a dent in unemployment. That is what they want you to think. But, the \$50,000,000 must be repaid with interest; what about the unemployment then! THINK, can we borrow ourselves into prosperity?

We are told to eschew communism because it is hostile to religion. We are evidently asked to think and believe that the present economic order of our financial institutions and their touters is Christian. Professor Gilbert Murray calls it Satanic because it involves the acceptance and practice of principles of conduct quite out of harmony with the teachings of Jesus and the Prophets of Israel.

THE STATUTE OF WESTMINSTER AND THE POWERS OF PROVINCES

An article by B. T. R. on the Editorial page of the Free Press November 14th issue, headed 'Alberta and Autonomy' states that the claim of Mr. W. F. Kuhl, M.P., that Alberta has independent sovereignty is upset by sub-section 1, of section seven of the Statute of Westminster, 1931.

May we draw the attention of the readers to sub-section (2) of section two of this same Act. It reads:

"No law and no provision of any law made after the commencement of this Act by the Parliament of a Dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of ANY EXISTING or FUTURE Act of Parliament of the United Kingdom, or to ANY order, rule or regulation made under any such Act, and the powers of the Parliament of a Dominion shall include the POWER to REPEAL or amend ANY SUCH Act, rule or regulation in so far as the same is part of the law of the Dominion." Then in section seven, (sub-section 2), we read:

"The provisions of section two of this Act" (the section repeated as above) "shall extend to the laws made by ANY of the PROVINCES OF CANADA and to the powers of the legislatures of such Provinces." (The words in Capitals in each quotation are so written for emphasis, and appear in regular type in the Act).

The fact that sub-section 1, of section seven would appear to limit the powers of the governments of Canada, after giving them independent sovereignty in section two, is just the same as offering a man a free pass of any point on the globe and stating that he is free to do as he chooses, BUT he must do as he is told and must not leave Winnipeg. When laws are made ridiculous by contradictory clauses, the people

have a right to an explanation of their representatives. Why did professional politicians permit contradiction? The courts will do Alberta's right under section (i) and Alberta or Manitoba can sovereignty under sections two and seven (ii).

Further, a Justice of the Supreme Court has stated that it is his opinion that the OBJECT of an Act superior to any of its subordinate sections. The Object of the Statute of Westminster, 1931 is set out in the preamble that the several Dominions did concur in the recommendation for Federal status and United in British Commonwealth of Nations and that no laws of the Parliament of the United Kingdom existing or to be made shall apply or extend to a Dominion except at the "request" with the consent of that Dominion.

Neither the Dominion of Canada nor any of the Provinces have yet requested or consented to the adoption of the B.N.A. Act since this Statute of Westminster became law. Alberta is now making laws that may be repugnant to the laws of England. Section two distinctly states that the Dominion shall not make the law of the Dominion, (section seven extends this to the Provinces) void or inoperative.

We understand that the only reason offered by our representatives concerning the inclusion of section seven (sub-section 1) referring to the B.N.A. Act was to protect the language rights of the Province of Quebec. Would it not have been easier to write that portion of the Act rather than to insert a clause that made the whole a contradiction?

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