

Equity for ALL

A HANDBOOK
of SOCIAL CREDIT



ECONOMIC JUSTICE

BY H. E. NICHOLS

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... INTRODUCTION ...

I am indebted to many friends in the Social Credit crusade for their suggestions in preparing this booklet.

Financiers and economists will eventually realize that it is impossible to contravene the laws of mathematics, without bringing about unpleasant results.

Until Major Douglas wrote his books, those people may have been unaware of their delinquency in that respect, but that excuse no longer exists. The consumers must be supplied with sufficient purchasing power before they can provide an adequate market for producers, assisted by power and machinery, who depend upon consumer demand for their continued livelihood.

To supply that essential purchasing power and at the same time to encourage initiative, integrity, energy, adequate production, thrift, generosity, culture and happiness, is revealed in the philosophy and policy of Social Credit.

The Social Credit proposals solve the economic problems of the CONSUMERS—and as they are ALL OF US—that should be satisfactory.

H. E. Nichols

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to bring greater prosperity to all without infringing upon or curtailing the similar right of any other individual to do likewise. And what is most important, there will be no fear of economic distress in Canada so long as plenty of goods and services are being produced for all the population, even though a considerable number of the population may not be required to be working. Their displacement by the machine would assure them of a Dividend, so that they would continue to be normal consumers.



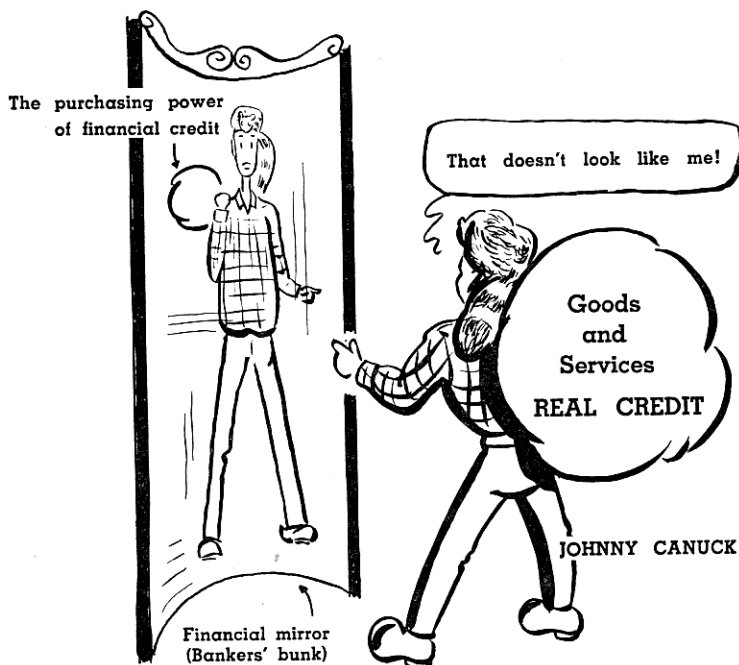
What Is Social Credit...?

Credit:—Real—Financial—Social

First let us deal with "credit" so that we may all agree on a suitable definition, as it is essential that the difference between REAL and FINANCIAL credit should be understood.

It will be readily admitted that the REAL WEALTH of a nation consists of its ability to produce and deliver goods and services as, when and where required. Similarly the REAL CREDIT of a nation is based upon that ability. Therefore, the ability to produce and deliver real goods and services constitutes the nation's real credit.

The FINANCIAL CREDIT of a nation should be an exact reflection of that nation's real credit, expressed in financial terms. In discussing this subject it is often said that the REAL CREDIT is the substance, while the money is only the reflection.



Taking a mirror as an illustration, a true glass would give an exact "reflection" of the real substance. If it does not, it is the glass that is at fault and not the real substance. Thus "financial credit" should be an accurate reflection of "real credit". Consequently, if a nation is producing plenty of goods and services there should be a sufficient plentitude of money in the hands of the consumers within that nation, at the time the goods come on the market, to buy them.

Financial credit would, in such circumstances, be a true reflection of **real** credit.

Under the present financial policy, which will be referred to hereafter as "orthodox finance", there is no scientific relationship maintained between the prices of the goods for sale and the amount of purchasing power in the hands of the consuming public. Whatever relationship there is, is merely accidental and varies enormously between the two opposite poles of extreme **inflation** or extreme **deflation**.

All financial credit, known as money, is created by the banks. It is put into circulation by way of loans. These loans are generally made to primary producers, secondary processors, or wholesale and retail merchants in industry and commerce. These enterprisers or organisations then pay out money to their employees who spend their wages at the stores, buying the goods they want; and for the making of which, they received their wages. As the store-keeper sells the goods and receives the customers' money, he pays his bills to his supply men, who in turn pay the bank, which cancels their loans. The same procedure happens with all mercantile concerns and even the government itself. Such is the life-course of financial credit.

Every time a bank makes a loan, a measure of inflation takes place because the money circulates before the goods come on the market; and every time a loan is repaid, a measure of deflation is brought about.

Thus, in a time of economic expansion, the tendency is strongly inflationary; but when the bankers or the minister of finance decide to restrain "credit", then deflation begins. If that policy is persisted in, a depression will result.

This matter will be dealt with more fully in Chapter 3, under the "explanation of the shortage of purchasing power".

Let us now examine that aspect of credit, which can properly come under the heading of "Social".

"Social" credit.

As its name implies it is something that belongs to ALL of us; but because the foundation of Social Credit is individual responsibility, its benefits must be made available to each individual, without requiring any collectivist or communal form of society to be established in order to obtain these benefits.

Those who are familiar with the principles of co-operation recognise the values that can be created as a result of a number of people working in association together. In the primitive stages a job that was too big for one could be successfully accomplished by two; and thus there was brought about an increment of results which would be a benefit to both persons without causing a loss to either.

As this process came to be improved, not only would the results of association be manifested by the making of hitherto impossible tasks easily possible; but continual association would cultivate more speed in the doing and also inspire skill and co-ordination that would result in greater output without any more, and perhaps less physical effort.

As a result of the greater improvements to be obtained by working in "association" together, mankind came to be more "social" and the benefits derived from association created a social wealth which otherwise would not have existed.

Methods were continually improved by constant practice and as these gradual improvements were transmitted to their descendents to be improved upon by them in turn, these gradually formed the base of our "cultural heritage".

Cultural Heritage.

The cultural heritage refers to the accumulated ideas and improvements in knowledge and technique which were discovered in previous generations and which the present generation has fallen heir to. The sum of this knowledge makes more

easy of accomplishment many results which would take much longer if we had to discover all the processes ourselves.

Even the latest discoveries of the many forms of power and machinery owe their beginnings to the research work of a past age.

This knowledge has made possible the super-production which distinguishes this age from any that has gone before. It is quite evident that "labour" alone is not the producer of all wealth and also that the improvements in machines and methods as well as power, were in many cases contributed by people wholly outside the labour movement.

THE CONSUMER

Another important factor must not be forgotten. The consumer is responsible for the "effective demand" that gave rise to, or provided the incentive for inventions and new methods etc., and thus is partly responsible for the improvements and excellence of the productive system which this generation inherited. These improvements then, are not owing to any set of individuals or any one class; but have been contributed by many individuals, most of whom are dead or forgotten; and therefore whatever benefits they confer should be regarded as a common heritage and shared equally by ALL.

In order that an equitable share of these inherited benefits can come into the possession of every individual it is necessary that the financial policy should be shaped in accordance with the desired ends and a "heritage dividend" be issued to each individual quite apart from whatever wage, salary (or dole) may be received for current work or lack of it.

Owing to the improvements which have been brought about through the agency of the above described heritage, the possible production has been increased about 25 times in the past century. In view of the fact that some socialist economists, in their efforts to sell the idea of national health services etc., claim that the buying power of wages has doubled in the past 100 years and that in addition the workers get **free** education, free medical benefits etc., it is necessary to make an examination into such claims. In the first place the services referred to

are **not free** but are paid for out of **taxation** or a **deduction** from an already inadequate wage. Secondly, in view of the fact that production has been multiplied many times, while actual wages have only doubled, then the people have been defrauded out of about 90% of the benefits to which they are entitled.

Notice, this fraud has been made possible because the financial policy, **and that alone**, did not distribute in a scientific manner, the purchasing power to which the people were entitled so as to claim the goods and services which their own industry had made available. The fault has not lain with private ownership, nor with private enterprise; but with the policy of finance—made possible by the fact that **Finance is a Monopoly**.

It is evident therefore, that the methods advocated by Socialism or nationalization etc., will not only **not** make possible the distribution of the inherited dividend; but will create other great national **monopolies** of production and distribution which will dove-tail in with the monopoly of finance and hold the people under an even more rigid rule, of which Procrustes' methods were a dramatic warning.

New Financial Policy Necessary

A Social Credit monetary policy will continually and continuously decentralize the power of finance through the avenue of the national dividend and the lowered retail price, so that all present improvements which increase total production, as well as those of the past, will result in an additional financial benefit to every person. Each individual will receive an equal individual share of the cultural heritage which, together with earned income, will be sufficient in total for the people to buy back the increasing fruits of a constantly expanding productive system, without going into debt.

Owing to a fault or flaw in the policy of the present financial administration, the total money income of all the consumers in the country, as shown every year in the National Accounts, is less than the money value of the goods and services which the people have created while obtaining that income. In other words there is never enough money coming out of the processes of production to enable consumers to buy it all back. This eventually results in **UNIVERSAL DEBT**.

Social Credit is a consumers' philosophy. It believes that the consumer is such an important person in this world that the efforts of production should all be directed towards giving satisfaction to the consumer. That famous economist, Adam Smith, recognised this and his statement that "The sole aim and purpose of production, is consumption", has never been challenged. Why is it then, that we find the consumers are often treated with such scant ceremony? The consumers are the most important members of our society because THEY are ALL of US.

All depressions are caused because of a lack of purchasing power in the hands of consumers. Therefore the policy of Social Credit is to supply consumers with sufficient purchasing power to provide an adequate market for the goods that have been produced.

PRINCIPLES INVOLVED

(a) **Individual Supremacy:**

In dealing with a matter so important as our National economy, it is necessary to recognize that there are certain principles which must be observed if the results of the management of our economy is to be in accordance with the principles of democracy,—those principles of freedom in which we claim to believe.

It would be comparatively easy under an absolute dictatorship to make rigid regulations and portion out a task to every man, woman and child so that the production, transportation, storage and distribution of the Nation's production would be carried out according to a "plan".

It would be comparatively easy we say; because where the personality, wishes, comfort, intellectual or spiritual yearnings of the individual can be disregarded, any stern tyrant can set up a system of controls which would obtain material results up to a point. Probably it is because the method indicated would be the **easiest**, that it is the one most favoured by the centralized **planners**, the socialists and the communists.

When, however, we are seeking for a policy that will take into account the infinite variety of temperament and ability, found in every population and give to each one a freedom

of choice in their job that is compatible with the dignity of a human being and at the same time supply an inducement that will appeal to the many diverse characters in order to prompt them to do the very best of which they are capable, then it requires considerable study and a love of democracy combined with the spirit of the golden rule, to formulate such a policy.

This is in contrast to the dictatorial method referred to previously, where the supremacy of the State is regarded of such importance that the individual becomes merely a unit to be regimented like a cog in a machine. The philosophy of Social Credit aims to give its citizens the opportunity to develop their intellectual and spiritual aspirations; yea, and to encourage them, and at the same time it provides a policy whereby the power and ability as well as the spiritual determination will be enlisted so that the workers will give of their very best in order to do their job well.

These results can only be attained where there is a common purpose and a one-ness of spirit, and it is this co-operative atmosphere which only the social credit policy can create. It can only be done, we believe by making it possible for mankind to reap the benefit of all personal efforts, as well as sharing equitably in the benefits conferred because of the efforts of previous generations.

In this way each individual would learn, by experience, that the **constructive** efforts of people living in a by-gone age had not only brought recompenses to those people in their time but had also conferred benefits upon a later (our) generation. This knowledge would help to engender the spirit of service in the realization that every effort made would result in adding to the pool of collective wealth which, while bringing about an immediate benefit, would also confer an heritage to generations yet unborn.

Such a spirit would not only result in getting the work done as quickly and well as possible, but would also build up the integrity of every individual, which is really the purpose of civilization.

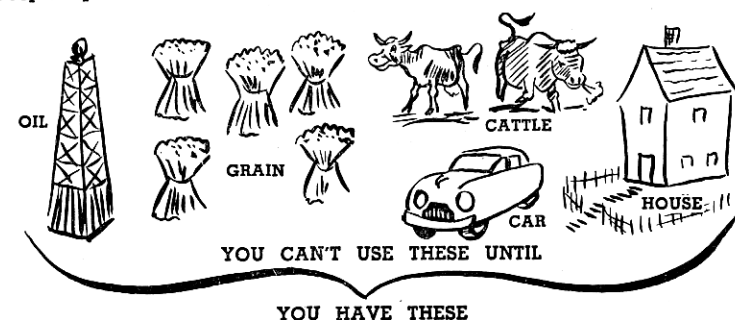
(b) **Duty of Government—by the will of the people.**

People only have one objective in forming a government and that is they believe that they can obtain better results collectively than they could obtain individually. Only that type of government called democratic will receive consideration here because quite plainly any type of government which is dictatorial in character has been foisted upon the people and is obviously not set up to confer benefits upon those who are to be **governed**, but upon those who do the **governing**.

It follows then, that any Government which obtains office under the name of democracy is supposed to put into effect the will of the people who elected it; and further, any government performing such a function in a satisfactory manner, could be expected to remain in power for a considerable time.

One of the functions which the people of Canada have conferred upon their Government is to give it the sole right to "make money" (to issue or bring it into existence); but this power has been transferred to the Bank of Canada and the

REAL CREDIT = actual and potential production of goods and services
Peoples' production



Bankers' production



NOW: FINANCIAL CREDIT controls the production and distribution of **REAL CREDIT**.

THEN: REAL CREDIT will control the issue and distribution of **FINANCIAL CREDIT**.

chartered banks, without the conscious consent or will of the people.

In the process of their daily employment the people go about their task of producing, processing and delivering the real goods and services which constitute the **real wealth**, which is the **real credit** of the country. **But they do not thereby bring into existence a single dollar of money.**

Some people have the idea that a man who grows a ton of potatoes, also grows the purchasing power of a ton of potatoes. The facts are far otherwise.

"Given a fixed amount of legal tender, and assuming legal tender to be the only purchasing power, no amount of production would increase it." (Social Credit, C. H. Douglas, page no. 86.)

The money has to be made in a factory or produced just as the goods are, and after the money is made, the banks are the only ones who put it into circulation. This they do by loaning it out on approved collateral, to people or governments, —at interest.

The banks have a monopoly of this privilege and can decide who is loan-worthy and who is not.

We have seen previously how the people are dependent on **receiving financial credit**, in the form of wages, if they are to get the **benefits** which their work should enable them to enjoy. They are also dependent on the same source for their share of the cultural heritage.

If this **financial credit** is not forthcoming they **do not receive any benefit** either from an improved method **which lessens work**, nor from **greater production**.

It will be noticed that although the Government is under an obligation to satisfy the people—or of being voted out of office—and also to provide the people with a currency system, they have not complete power to perform the financial aspects of these obligations because they have partially transferred them to someone else. That "someone else", is the banking system, which can say how much or how little money the nation can have. Therefore, although the wish and will of the people

who compose the electorate is that they should individually receive in financial form the benefits which their productive ability and also their cultural heritage confers upon them as a right, and have so expressed themselves by their votes, this will not be done if the policy of the banks is opposed to it. This shows how necessary it is that the **POLICY** of the banks, (not necessarily the **ownership** which up till now has not made the slightest bit of difference) should be regulated so as to produce the results which the people desire.

There is no reason to suppose that the financial policy exercised by a state owned national bank, with a Socialist Government in power would be any different than is exercised at present. The following quotation from the Monetary Times, November 1946, illustrates the point well.

"The Bank of England has in nowise been changed by nationalization," Lord Catto, the Governor, declared on arrival in New York. 'It is working as smoothly as ever. The same people run it, it's in the same place. I was Governor before, and I am Governor now,' he said."

Social Credit insists that the function of the **POLICY** of finance in the interests of the people, is a **DUTY** which a Government owes to the people.

(c) **Security with Freedom**

There is no doubt that the large majority of people want "social security." Possibly not all of them would be so specific in stating that **freedom** is even more essential. Those who live in Canada have enjoyed a measure of freedom all their lives and because they have not taken the time to "think the thing through" they do not envision any loss of freedom as a result of voting for the government to give them "free" services. Others again, having a keen memory of the agonies of the thirties have acquired a bitter cynicism and speak of freedom as merely a "freedom to starve." **Social Credit was foremost** in condemning the paradox of "poverty in the midst of plenty" and the Provincial Government of Alberta **tried by every means in its power**,—and also **sought to have those powers extended**,—to find means to combat the cruel situation that had arisen. Arisen, be it noted, not because of any

lack of goods and services but entirely because of **a lack of purchasing power or financial credit.**

When the Social Credit government came into office in 1935, there were **bread lines** in the cities although the farmers' graneries were **bulging with wheat** which they could not sell for enough money to pay their taxes. The farmers were **ill-shod** and **ill-clothed** while the people in the cities were **hungry**. There was no lack of production; but a definite lack of money among consumers and would-be consumers. Thus, in the midst of an abundance of real wealth, the people were in poverty and debt.

Finding itself balked in every direction, the government finally took a course which no other province in the Dominion has ever taken—it declared a Moratorium. That is, the government declared an intermission during which financial debts could not be forcibly collected. The Alberta Government, of course, never thought of the moratorium as a remedy, it was simply to give itself and its people a breathing spell. The Alberta Government of that time recognized probably more clearly than anyone else the truth of the dictum, "Nothing is ever settled until it is settled right."

Acting on that assumption it has been trying ever since to find ways and means so that the purchasing power of which the people have been defrauded by the POLICY of MONOPOLY FINANCE could be restored to them, so that each individual would have the means at hand to satisfy his craving for security—and at the same time preserve his FREEDOM. (See pages 79-90.)

In 1946, Premier Manning introduced into the Legislature, the Alberta Bill of Rights which, if put into operation would have been the first step—and a long one—towards freeing the people of Alberta from any threat of economic scarcity caused by the 'scarce money' policy of orthodox finance.

The objectives of the Bill were set out in a Foreword, from which we quote a short excerpt:—

Quote: "**Freedom with Security**" (page 4)

"Under our Canadian Constitution, the citizens of each Province through their elected representatives are responsible

for dealing with their property and civil rights. The Government of each Canadian Province has the responsibility and the authority on behalf of its people to make laws for safe-guarding the individual freedom and the economic welfare of its citizens. Within the broad sphere of property and civil rights, the people of Alberta, therefore, have the constitutional right to demand and obtain the reasonable results which they know to be physically possible in the economic sphere, within the limits imposed by our human and material resources.

Part 1, of the Bill of Rights is a statutory declaration of the results which the people's representatives in the Legislative Assembly believe their constituents want in this broad field of property and civil rights. These results can be summed up as an opportunity to attain social and economic security with individual freedom." **unquote.**

A comparatively easy way to give security **without** freedom at once presents itself. By cast-iron regimentation, jobs could be provided, and meal tickets distributed. In addition a human veterinary service, misnamed the National Health Scheme could be provided **without challenging the power of the financial policy.** Through TAXATION, it would provide for "free" medicine and drugs, so that the pain of a human being transformed into a beast of burden would be deadened. But that is **NOT** the Social Credit way.

Social Credit stands alone among all the different political parties and economic organizations as not being afraid to **Challenge the Power** of Finance. Only by doing that—and doing it successfully—can FREEDOM be maintained. While it may seem to some that it is more desirable to obtain security rather than maintain freedom, we suggest that security seems so desirable because it is so obvious; and it is so obvious because most of us have always been rather insecure. On the other hand the **freedom** which we enjoy has come down to us because of **the efforts of others** who have now passed on, and the thought of losing it, or even of appreciating it, seldom forces itself upon our notice.

One of the key steps towards making the State supreme over the people is to formulate certain "benefits" which will be conferred by the state and to herald them as "free" although

everybody knows they have to be paid for by taxation or deductions in one form or another. This is the first step towards making the individual subservient to the state. Needless to say, those who have such an objective in view do not state their aim bluntly so that everyone can understand them. A bait is essential in order to get the victim into the trap.

The idea is also given a sugar coating by the explanation that the taxes will be levied hardest upon those most able to bear them.

Naturally, the idea of "soaking the rich" does not bring forth much protest from those in the lower wage brackets. It is only when it is discovered that a large portion of income taxes is paid by that huge majority in the moderate and lower income wage brackets (in an aggregation of small amounts) that suspicion is raised that all is not just as it was made out to be.

The following table shows how large numbers of people in the low income brackets pay a large proportion of total income taxes.

INCOME TAXES 1946 (CANADA)

INCOME BRACKETS	NO. OF TAXPAYERS	TOTAL TAX PAID
\$ 660—\$ 1,000	443,000	17,133,000
1,000— 2,000	1,314,000	130,216,000
2,000— 3,000	542,825	129,110,000
	<hr/>	<hr/>
	Total 2,299,825	Total 276,459,000
	<hr/>	<hr/>
\$ 3,000—\$ 5,000	170,190	101,617,000
5,000— 10,000	57,770	97,066,000
10,000— 25,000	15,490	83,462,000
25,000— or over	2,484	65,819,000
	<hr/>	<hr/>
	Total 245,934	Total 347,964,000
	<hr/>	<hr/>
	Grand Total 2,545,759	624,423,000
	<hr/>	<hr/>

Thus 2,299,825 people getting \$3,000 per year or less pay income taxes amounting to—\$276,459,000.

While 245,934 people getting over \$3,000 per year pay income taxes amounting to—\$347,964,000.

Under State Health and Insurance schemes, of course, the tax will not be graduated as is the income tax, for all will pay the same.

Therefore the large majority of people receiving low incomes will pay the large majority of the health tax.

SOCIALISM means ADDITIONAL TAXATION

The following extract is taken from the book "Social Planning for Canada," which has the official endorsement of the C.C.F. page 381.

"Social Insurance"

. . . "Social insurance is essentially a device for spreading wages over periods of work and enforced idleness, which is of great value to them; and that in a truly socialist state, social insurance revenues, no matter how they are raised, must represent very largely **a tax upon wages**. The amount of this tax **will be substantial**, for really adequate social insurance payments, such as are proposed here, may be annually as much as 12 or 15 per cent of the total wages bill." (Page 381)

Quote:—Page 380) "For in a socialist state, if workers do not contribute to the funds, employers will have to give more, and **there will be less money available for wages**. In the end therefore it comes to pretty much the same thing, so far as workers standards of living are concerned." Unquote.

The so-called health scheme is obviously a scheme to treat sickness and to take away the inducement that all persons should have to look after their own health—i.e. by moderate and sensible living. Figures from New Zealand and Saskatchewan prove that drug-taking increases where the drugs are furnished "free." The incentive for each person to take care of his or her health is removed.

The basic feature of the Social Service State is that the Government compulsorily takes from the individual an increasing amount of his money and only permits him to get some of it back under terms dictated by an increasing army of officials.

The individual's life is then under process of being progressively "planned" by the State because if an individual dares to question any regulations, he is threatened with a hold-up of certain "benefits" by bureaucratic officials whose authority always grows worse as State supervision increases.

Even those who are captivated by the arguments for State Insurance etc., are quite willing to admit that it is a poor "second choice" to that of being able to "pay one's way".

How We Can Pay?

Dominion Bureau of Statistics figures for *1948, show that the National Income for Canada was \$12,800,000,000, but the selling prices in aggregate for this national production amount to \$15,350,000,000.

Worked down to an individual basis for ready comprehension this shows each individual Canadian man, woman and child receives an average income of \$1,000, while the sales prices of goods and services produced amount to \$1250 for each one.

Each income of \$1000 therefore lacks \$250 of being sufficient to buy back the equivalent of the goods and services which it produced.

Instead of monetizing the surplus goods and services which will otherwise be unsold, a national health scheme will merely inflict another tax upon an already deficient income.

However, by paying a National Dividend of \$250 for that year, to each individual, total income would have been equalized with the total selling price of goods and services. This "dividend" would be a creation of new financial credit and not derived from taxation. Such a measure would bring about a self-liquidating economic system.

The Social Credit policy is to distribute sufficient purchasing power to buy up all the goods and services available: and make it financially possible for each and every consumer to belong to a co-operative medical or health services organization of his or her own choice. It is a mistake to think that socialistic measures such as State Health Schemes and State Insurance Schemes, are a step in the right direction.

They are another step away from TRUE SECURITY WITH FREEDOM, and not a step towards it. (This will be made plain in the next section).

* Every year shows a similar and comparable deficiency.

(d) **Anything Physically Possible and Desirable
Should Be Financially Possible**

The phrase, "It Can't be done," has a very different meaning in some circumstances to that which it has in others. To tell a skillful fisherman that it is impossible for him to catch a net-full of fish out in the bay where there are lots of fish, would bring the reply, "Give me a boat and a net and I'll soon show you." But if you said "All right, I will for \$20,000," he would reply, "It Can't be done."

Under primitive conditions the possibility of doing anything was gauged by the physical ability of the persons engaged; but as society increased and organizations multiplied, financial considerations became more and more important. They have now assumed such prominence that to declare anything "impossible" does not mean that it is impossible from an engineering point of view; but rather that although it is PHYSICALLY POSSIBLE it is FINANCIALLY IMPOSSIBLE.

Such a long way have we travelled along the road of allowing financial sanctions to dominate our thoughts and we have gotten into a rut so deep that people will often declare tasks to be impossible that are easy in themselves and also very desirable; but cannot be accomplished simply because the financial means is not available to undertake them.

For instance in a municipality where a home for children or the old folks is really required but additional taxation seems prohibitive, then although building material and labour may be plentiful, the project will be regarded as "impossible".

Neither must we delude ourselves or allow ourselves to be deluded with the argument that the financial means are IMPOSSIBLE of attainment. That is what those who control the policy of finance would like you to believe—at times. For instance, during the depression of the early thirties the Bennett Government set up work camps for the unemployed in which the pay was limited by the financial policy to 20 cents a day. At that time the National Debt of Canada was approximately 2½ billion dollars. When the 2nd World War started in 1939 objection was made by the **financial interests** to raising \$500,000,000 to help with the British Air Training scheme

on the grounds that Canada could not afford such an amount. However, the money was found when the Dunkerque experience opened the eyes of Prime Minister McKenzie King to the fact that the war had to be carried on to the full limit of our real physical capacity, without being hampered by finance. By the time the war ended Canada's debt had grown to **\$14 billion** and at the same time **the real wealth of Canada had increased enormously**. A similar tale comes from the United States. In 1933, when Roosevelt initiated the New Deal the national debt was \$22 billion and financial men protested that the cost of the new deal would be too great for the nation to bear. At the close of the war the U.S. debt stood at approximately \$250 billion and the people of the U.S. were enjoying their greatest period of prosperity.

Do not think however, that Social Credit advocates or believes that "prosperity can be built upon debt". All that we wish to prove—and it is proved to the hilt—is that financial credit to almost any quantity is available **if the financiers are in favour of the cause** for which it is being issued.

On the other hand, when the dictators of financial policy are not in favour of a project, then, no matter how desirable it is, no money will be forthcoming to finance it.

That the bankers have the power to expand the issue of financial credit to very generous proportions is undoubted:

Expansion of Credit

While the bank interest on loans is nominally about 6%, that does not represent the earning power of their cash reserves. For every \$1000 in cash deposited in a bank the law allows the banker to make loans up to fifteen times that amount. In practice the average ratio is about twelve times.

That means that for each \$1000 of cash deposits which the bank has, it can and does loan out as much as \$12,000. At 6% interest this means that for every \$1000 loaned, a return of \$60 is obtained by the bank; or a total on the \$12,000 of \$720. Thus on \$1000 of cash reserves a bank obtains a yearly interest of \$720. This shows how advantageous the legal expansion of credit can be for the banks.

It should be obvious from the methods that have been followed by the financial monopoly that their aim is to subjugate the will of the people to **their own will** and the handiest weapon at their disposal up to the present time has been financial manipulation, because it could be exercised with an outward show of democracy.

Now that the time has arrived when the camouflage is no longer needed, the dictatorship methods will be exerted more openly by direct control. These are being exercised in the name of "centralized planning" or for the "welfare of the state," and socialistically inclined people are giving their support to such schemes fully believing that the "planned state" is the next step in democratic evolution, and that therefore, they are working for a better democracy.

They refuse to recognize that every milestone on the road to socialism, are the identical ones that have been set up by those who engineered the road to communism, and therefore will merely mark our progress towards the same **destination**.

As it is apparent that the end in view is to take away from people their freedom of choice, and the three methods just mentioned, centralized capitalism, socialism and communism have this objective, who can doubt that their inspiration comes from the **same source**?

There is no argument that their success will spell complete enslavement for the people.

Secondly, if everything physically possible and desirable was made financially possible, then it would be impossible to subjugate people by economic pressure, because economic freedom is the base of all material freedom.

How Would Social Credit Work?

(Explanation of shortage of purchasing power)

The explanation for the shortage of purchasing power is very simple and could be very brief; but as it involves a **radically different principle** to that hitherto regarded as a truth by all orthodox economists and is something so entirely different to previous practice a large number of people seem to find it hard to grasp.

The orthodox method of trying to finance consumption is by putting money in at the **production** end and hoping that sufficient of it will find its way into the hands of the consumers to equal the price tags at the retail stores.

This, of course, will not happen because selling prices must always be greater than costs and therefore the wages and salaries that partly constitute "costs" will not be sufficient to equal retail prices.

The Social Credit method is to finance production by putting sufficient **additional** purchasing power into the hands of the consumers to represent the "spread" between production costs and retail prices and to rely on the **effective consumer demand** thus generated, to give the necessary incentive for the producers to produce the goods (see sub. sections b&c.)—(price discount and dividends)

To put it very bluntly:—

Orthodoxy tries to finance consumption with the money issued for production.

while

Social Credit will finance production through the agency of consumer purchasing power.

It is generally recognized that a shortage of purchasing power can be manifested in at **least two ways**.

The **first** was met with most noticeably during the depression of the early thirties when goods were plentiful but

large numbers of people were so lacking in a supply of dollars that they could buy very little, even though prices were low.

The **second** condition has been prevalent during the latter part and since the end of the second world war, when dollars have been plentiful, but owing to inflation their buying power has decreased. Large issues of financial credit had been made to pay the armed forces and also as wages for those producing war supplies. These two sources of additional income were added to the normal supply distributed in the process of the production of ordinary consumable goods. Thus there were three sources of income to compete for the restricted supply of goods. The result was a rise in prices, or inflation. This rise in prices decreased the purchasing power of every dollar in the consumers hands and although dollars were fairly plentiful it was not long before inflated prices absorbed the current income and people began to draw on their savings which had been accumulated when war service and rationing etc., restricted their buying.

The following figures issued by the Dominion Bureau of Statistics show that savings made during the war period were quickly drawn upon.

savings in	savings in
1944	1947
\$1,738,000,000	\$605,000,000

The fact that these savings began to be drawn upon so soon after the end of the war—is strong proof that normally there is an insufficiency of purchasing power issued during the process of the production of consumable goods to equal the selling prices of those goods when offered for sale. The introduction of Family Allowances in 1945 by the Dominion Government was a recognition of this fact.

To return again to the depression condition of the thirties. It is a fact that the stores were full of goods and daily over the radio the storekeepers were imploring people to take advantage of the wonderful bargains they had on offer. The majority of the people **did not refrain** from buying because they did not need the goods. Rather they had to be content with "window

shopping" because they did not possess the purchasing power to change their "real need" into an "effective demand."

They were suffering from a real money shortage, not an **imaginary one**, and had they possessed the money they would very rapidly have demonstrated that fact by placing it on the counter and demanding the goods they really needed.

This real shortage of purchasing power which has been proved by experience, can also be demonstrated mathematically as being a chronic ailment under our present "costing" and "pricing" system; and for those who have a sufficient knowledge of higher mathematics, we refer them to the writings of Major C. H. Douglas. (Credit Power and Democracy.)

There is no need to stress this point further because not only are most people aware of it, but governments are also aware of it and have taken some action to try and combat it by subsidies and family allowances. However, the well meant actions of governments are always overridden by the power of monopoly finance which always insists that additional taxation must be levied in order to recover the money distributed to make up for the lack of purchasing power. Thus, while the government gives with one hand, it takes away with the other.

(a) **Subsidies and Family Allowances.**

The subsidy method is closely akin to the "compensated price" which has been advocated as a part of Social Credit policy for more than 25 years. It maintains or reduces the price to the consumer by paying a subsidy or bonus to the producer, who because of increasing costs of production finds it essential to get more money for his product if he is to stay in business. The difference in method advocated by Social Credit in contrast to all other political groups is that while Social Credit will remedy the situation by increasing purchasing power by a creation of new credit when necessary, the orthodox method is to levy more taxes in order to pay for the subsidy.

This is merely a re-distribution of the same national income, and **not any addition to it**. Consequently it does not make up the lack of purchasing power.

Although those who control orthodox finance like to give the impression that they are willing to "soak the rich" in order

to help the poor, a considerable portion of this additional tax burden has to be borne by those who need the subsidy in order to maintain a minimum standard of living. Therefore the people are taxed in order to get the subsidy, so collectively they are no better off. (See page 19.)

There is another objection to paying the subsidy to the producer. It tends to destroy that indication which should exist by reason of "demand" on production. If the subsidy is paid to the producer it may have the effect of causing him to increase production on one particular line simply because he is getting more money for it, and so put the general economy out of balance. If however he receives his benefit the same as all others by a reduced retail price for everything he buys, the necessary production of each different line of article will be gauged by the real demand for it and not by the artificial stimulus of a subsidized price. The purpose of our economy should be to **SERVE** the real **DEMANDS** of all the people by laying down a financial **POLICY** that will automatically and consistently serve those ends. It will be realized that this is distinctly contrary to the policy advocated by socialism which by its nationalized banking proposals would use the power of finance as a **POLITICAL WEAPON** to impose its will on the people.

The following quotation from Social Planning for Canada (page 250) shows how Socialism will join the power of finance to **DICTATE** policy to the people instead of compelling the policy of finance to **SERVE** the people as Social Credit will do. Quote:—

"The State will be in a position to ensure efficiency in industrial operation, to **discipline** non-co-operative industries, and **if necessary dictate major lines of policy**, just as the banks could, if they so desired, and, in some cases, **do dictate to the firms who borrow from them today.**" Unquote.

To integrate the **power of finance** with that of State controlled **industry** will create **a combined despotism** against which farmers' unions and industrial unions will find themselves helpless.

Such a combination will complete the slavery which centralized capitalism of itself has been partially successful

in trying to impose for a long time and has been prevented from completely imposing, only because free enterprise remained sufficiently strong to partly resist.

(b) **Price Discount:**

Enough has been said to prove the actual shortage of real purchasing power and the desirability of increasing it. We will now deal with the method by which Social Credit would tackle the problem from two major angles and do it in such a way that it will bring an immediate benefit to all those in the low income brackets, stimulate production, and increase efficiency without imposing any unjust handicaps on the well-to-do or restricting the freedom of any.

The policy of Social Credit is to **recognize that there is an actual shortage of purchasing power** and to **remedy the situation** by lowering the price of **all** retail goods by a subsidy through the retailers. This will hold all prices down, and prevent any inflation even though purchasing power is increased. There is no need to Nationalize industry or "take-over" anything. It will all be done by making finance give a real reflection of actual facts. When there are plenty of goods on hand, there must also be sufficient money in circulation to purchase the goods from the retail stores. If there is insufficient money in circulation, this may be overcome by inducing the store-keeper to reduce retail prices. Financial credit will be made available to retailers who are willing to limit their profits to a reasonable amount and pass on the amount of the discount to their customers. This method will be a benefit to all those who have any income at all to spend, and they will get the benefit at the time they need it, i.e. at the moment they spend their money. (See pages 117-118.)

The Government or Credit Commission would order the Bank of Canada to credit the account of every retailer who co-operates in this plan with an amount equal to the "discount" agreed upon.

Although a new issue of financial credit is required to do this, yet no inflation takes place, (because the retail price is kept down) the merchant recovers his full sales price, profits are kept down to a reasonable level because that is one of the

conditions under which the retailer receives the compensated price from the Bank of Canada; and all customers find their purchasing power increased to the extent of the price discount.

No additional taxation is required to provide the money to pay for subsidies, in contrast to the socialist method of price control; which is the only alternative offered to keep prices down by those who oppose the policy of Social Credit.

Neither is there any compulsion exerted upon the store-keeper. He may if he chooses, refuse to co-operate; but in that case he will not receive the "compensated" price from the Bank of Canada and will be compelled to charge each customer the "full price" in order to carry on his business.

Those who deal with the co-operating store-keeper will find their purchasing power increased by the amount of the price discount and this will be the same as a raise in income to everybody, because everybody is a consumer. There will also be an increased market for the increasing supply of goods produced. However, there will be no piling up of unsold goods in the stores,—with the consequent threat of unemployment,—because the purchasing power of the people will be increased as fast as additional goods are produced.

The following suggestions are made as illustrations only. They are not intended to show the exact methods which a Social Credit government would use.

Price Discount and National Dividends

The following table will give an idea of how the remedy may be applied. It will be noticed that the total market prices of all the goods and services produced by the Canadian people in 1951 was _____ 21,241,000,000
At the same time their total income was only _____ 17,229,000,000
This leaves a deficiency in purchasing power of 4,012,000,000

Income should be supplemented as shown in the table below.

The figures used are those issued by the Dominion Bureau of Statistics, for 1951.

We feel confident that if more complete figures could be obtained, the Social Credit contention would be even more justified and the remedy proposed be substantiated.

1951 PRODUCTION	1951 EARNED INCOME	1951 NATIONAL CREDIT (REQUIRED TO MAKE UP THE DEFICIENCY)
Selling price of goods and services produced by Canadians. This is the gross national product. The market value of goods and services turned out by the nation.	Estimated national Income made up of salaries and wages to civilian labor, military allowances and net income of agriculture and other unincorporated business.	\$4,012,000,000
Value of Total Production \$21,241,000,000	Earned Income \$17,229,000,000	To be financed by national credit without added debt or taxation. Social Services: 304,000 Old Age and blind pensioners at \$100 per month. 364,800,000
		Dividend for 2,886,000 families of five at \$571 per year, or \$114 per year per person. 1,647,200,000 Price discount to 2,886,000 families of five at \$693 per year per family or \$138.60 per year per person. 2,000,000,000
		Total Credits \$4,012,000,000
	Earned Income plus Credits \$21,241,000,000	

Government spending is met by taxes levied on Earned Income.

Pensions, allowances, etc.

As the **method** of paying pensions, allowances etc., is already part of our system and the people have become accustomed to it, a Social Credit government might continue in that manner until the people decided by a plebiscite that a personal dividend would be a preferred method of distribution.

The following statement is based on figures published by the Federal Bureau of Statistics. These figures show that for 1951—and for every year—that the flow of income to the Canadian people is less than the amount required to buy that production at the prices asked. What is the reason? Does this mean that the more we produce, the greater our debt will become? Clearly, that is an unpleasant future to look forward to. There must be a solution, because the people who earn their weekly incomes by producing those goods, rely on those incomes to buy what has been produced. If they cannot buy it, who can?

Suppose we export the surplus, what happens? The record for 1951 shows that we exported to the value of \$4 billions. Does that \$4 billions of money come into Canada and increase the purchasing power of Canadians? No, things are not done that way. When Canadian exports are sold to outside markets, our goods are traded for the currency of each country and then that foreign currency is used to buy whatever goods we need within that country **with their money**. AND NO MONEY IS BROUGHT INTO CANADA. Going back to the record again we find that over a period of years Canada's exports are just about balanced by her imports. That was the case for the year 1951. Consequently the net result to Canada of exporting \$4 billion dollars worth of goods, is that we receive \$4 billion dollars worth of goods in exchange.

We do not receive money on such transactions—only goods. Therefore as the Canadian people did not get sufficient income in the first place to enable them to purchase all their own national production, neither will they have enough money to buy the goods or services which are imported. Thus the "export-import" market does not solve the problem.

The solution offered here is that the shortage in the income of Canadians by comparison with the prices of the goods they have produced could be made up, or compensated for by pensions and allowances on a generous scale. **No taxation at all would be required for these amounts, because the goods to supply the wants have already been produced.** Their value, in financial credit, will be created by action of the Bank of Canada and paid to the people indicated, who will then be able to buy up the goods that would otherwise remain unsold.

The following table shows how the present surplus of production over income could be monetized and distributed. (figures are for 1951, Bureau of Statistics)

Total National Product at market prices	21,241,000,000
Total National Income	17,229,000,000

Difference—to be made up by a creation of supplementary purchasing power—pensions etc. 4,012,000,000

Further examination of the Bureau of Statistics figures will reveal the fact that additional deductions are made from the

Net Income by direct and hidden taxes so that the Net disposable income left for consumer expenditure is only, \$13,062,000,000 or another \$4 billion less than the total national income.

However, as there are some who claim there is considerable overlapping in the production figures, especially as they relate to farming, we will be generous and omit that other \$4 billion from our calculations and as that is more than the total farm income for that year, there should be no further dispute along that line.

Showing how production in excess of ordinary income could be allocated—

AMOUNT TO BE DISTRIBUTED		4,012,000,000
ADEQUATE OLD AGE PENSIONS		
277,000 (70 yrs.)		
@ \$100 a month	\$332,400,000	
BLIND PENSIONERS		
27,000 @ \$100 a month	<u>32,400,000</u>	364,800,000
ALLOWANCES FOR INCAPACITATED		
giving special consideration		
to those 65-70 yrs. of age		
300,000 @ \$1000 a year	300,000,000	
UNEMPLOYED:		
incurables, unemployable,		
207,000 @ \$1000 a yr.	207,000,000	
FAMILY ALLOWANCES (present		
tax could be dropped)	320,000,000	
SUBSIDIES ON ESSENTIALS	474,175,000	
NATIONAL HEALTH SERVICES ..	<u>346,025,000</u>	1,647,200,000
NATIONAL DEFENCE PROGRAM		<u>2,000,000,000</u>
		<u>4,012,000,000</u>
		<u>4,012,000,000</u>

For illustration purposes only, this statement shows how the monetization of that part of Canada's production—in excess of income—could provide the generous benefits outlined, **without any additional taxation.**

This would enable Canada to have a self-liquidating economy so that the Canadian people could pay "cash on the nail," for their own total production—or for the wanted imports received in exchange for a portion of it—and would not need to buy on the instalment plan and go into debt; if

they were content to abide within the limits of "their own production."

(NOTE: "their own production" includes the imports received in exchange for Canadian exports.)

Although the social services catalogued in this statement are alternatives to the Social Credit dividend, yet they could be initiated in this manner as the people have become accustomed to it. When a trial period of education had elapsed, the people could, if they preferred, receive cash dividends instead of these services. Perhaps partial services and partial cash dividends might be decided upon. Whichever was the popular decision, with true individual freedom deciding the issue—that would be Social Credit.

To conclude our statement and show how it balances, with the proposed arrangements in effect.

Old Age (70) and Blind Pensions	\$ 364,800,000
Allowances for partially incapacitated (65 - 70) ..	300,000,000
Family allowances, unemployed, subsidies and health	1,347,200,000
National Defence Program	2,000,000,000
<hr/>	
Total new monetization	\$ 4,012,000,000
Total earned income	17,229,000,000
<hr/>	
Total Income	\$21,241,000,000

Total National Product at market prices\$21,241,000,000

Note: These amounts bring the total Canadian Income up to the same amount as the total market value of Canadian production.

In addition: The two billion dollars set aside for the National Defence Program, would, in peace time, be available for dividends, or reduction in taxation, or of the National Debt.

(c) Dividends:

The other approach by which Social Credit **will tackle** the problem of equating purchasing power with real demand

is through the avenue of the National Dividend. (See statement—page 31.)

Some people even now find a difficulty in getting or holding a job. As we get further away from the results of the destruction and waste of war, this difficulty will be increased. However, not only is there a moral obligation upon society to care for its elderly people and indeed all who are even partially incapacitated as well as all who are unable to obtain employment, these people are all needed to provide a market for our machine-made goods. As methods, machinery and power become better and more available, there will be a considerable number of people who will not be required to do a daily task in order to help provide for the daily wants of all. **But they will be required as consumers.**

As our productive system owes much of its excellence to the effective demands of consumers, it must be recognized that it is a joint co-operative system and the benefits which the inherited improvements have brought to this generation should be shared equitably by **both producers and consumers.**

Now people cannot be effective and efficient consumers unless they have the means to obtain the various goods and services they desire to consume; and money is the convenient tool which **civilization** has evolved to perform this necessary service. **Money** should be the connecting link between **supply and real demand.**

Something for Nothing

One of the requirements of the "orthodox" system is that individuals must work if they are going to obtain enough money to be able to buy sufficient to enable them to enjoy a good standard of living. Excluding those who are incapacitated, either mentally or physically, it has come to be regarded as "immoral" to allow an individual who is not working to be able to enjoy a good standard of living. That is, of course, if he has no money. If he has money by legal right then he is as welcome as any other paying guest. But woe betide the individual whose services are not required for productive purposes and who has the nerve to ask for an income, to spend in a manner that pleases him. We may give him

"relief" and various "tickets" which entitle him to a few "parings" of enjoyment from a system that is always entreating customers to patronize it in order to keep it going. But there is one thing that "civilized society" will NOT do, and that is provide an individual who cannot get a job with the wherewithal to buy what he wants, without any questions being asked. Even though our economic system depends for its welfare on a sufficiency of customers; and flourishes in proportion to the purchasing power of such customers.

Pausing a few moments for station identification, in order to recognize old friends, we presume we shall once again have to spike that oft repeated statement made by those who have eyes, but cannot see;—of "something for nothing" or "unlimited inflation." The first argument may be replied to by saying that not one of us "gave" anything for the measure of life we enjoy on this earth and most of what we get is inherited by reason of the efforts of others. Also nature is continually giving something for nothing.

Normal Action

To those who view any increase or plentifulness with dismay and try to raise an alarm over any proposal that would make more purchasing power available, even without the slightest need or hint of "inflation", we would like to show the unreason of such an attitude. Suppose a trucker discovers that he has a soft tire and his truck is carrying a heavy load. There is a service station near at hand where he can get "free air." What will he do? Will he refuse to inflate his tire on the basis that any and all inflation is bad? Will he over-inflate his tire to the point of danger just because he can get all the air he wants and get it free? Or will he take out his gauge and inflate his tire to just the right pressure in order to carry the load? Normal individuals think and act normally in connection with almost everything in the world. The only exception appears to be when they think, talk or act on financial matters. Then abnormality seems to be the rule rather than the exception. If we can once get away from the idea which is expressed in the term "inexorable economic laws" and realize that just as we can

control the output of a machine to increase or decrease by the way we set the governor, so we can adjust our financial policy and gear it to a **consumption controlled production** that will **spur production when more is needed** and allow **paid leisure** when production is fulfilling consumer requirements with ease.

The amount of the National Dividend will be determined entirely by the productive results obtained by the people. As inventions and improved methods continue to advance and no longer require the employment of as much "labour" to superintend the machines, so will hours of work and retail prices be reduced and **the dividend increased.**

SOCIAL CREDIT VS. SOCIAL DEBT

Neither will the payment of the national **dividend** increase the National Debt. It represents a national asset in the form of produced wealth and therefore should be rightly regarded as a National Credit. The dividend therefore represents in monetary form, the value of the **additional** real wealth which the efforts of the people have created during the year. This new real wealth justifies the issue of sufficient new financial wealth to act as a medium of exchange for it. As the custodian of the people's National Credit Account therefore, the government should order the creation of new financial credit and pay it out in the form of a Dividend to settle ITS DEBT to its people.

As a matter of fact the amount of the present National Debt probably represents approximately the accumulated total of the **UNPAID DIVIDENDS** which **have been earned — but never paid** to the people.

It has already been shown that the production of an acre of potatoes does not thereby bring into existence the money necessary to finance their purchase. That is a separate and independent action required of the banking institutions and if the banks do not issue sufficient new purchasing power to balance new production, then **any new additional production will inevitably cause a drop in prices to the producer** and may act as a deterrent to further production. This illustration will show that no matter how fertile the ground, nor how

ambitious the producer, and no matter how urgent may be the real need or demand for more potatoes, their production can be effectively curtailed by the refusal to co-operate on the part of the banks.

Involved in all this is the mistaken idea of socialists that the provision of jobs, whether needed or not, will maintain purchasing power. That this view is shared by the conservative party was proven when their late leader Mr. Bracken urged employers to help maintain the national income by keeping as many men employed as possible.

WORK CAMPS

If the mere giving of employment increased the amount of financial credit in circulation, then the setting up of work camps—as under the Bennett regime—would be all that is needed to ensure financial prosperity. Secondly, there would be no need to limit the men's pay to 20c per day, if the performance of "work" automatically produced financial credit. However, hard work only produces backache and tired feet, not money. This illustration proves how utterly wrong is the socialist idea that production and work, automatically bring into existence the required money to buy the goods produced at a fair price, and also the fallacy of the orthodox conservative idea that continuous employment can be made to support National Income. All that would happen in the latter case is the bankruptcy of the employers.

The National Dividend on the other hand implies the "monetization" of new production by action of the National Treasury through the Bank of Canada in order that the **additional production** shall be represented by **additional financial credit** in the possession of the people. In other words the goods are actually available for the Dividend, and it is simple to create the financial credit to distribute them.

The cry of "jobs for all" being shouted by the socialists has a strong appeal for all those people who found themselves unable to obtain employment during the depression of the early thirties.

There was no productive employment obtainable because already there were plenty of goods in existence.

DIVIDENDS PREVENT UNDERCONSUMPTION

The **real trouble** was that the people had no money to buy those goods and under the present financial policy the only way to get that money was to find a job that paid wages.

The present system was **afraid** to do that because further employment would have increased the supply of goods and additional production would have caused a further drop in prices.

However, if the unemployed workers could have been supplied with the necessary purchasing power, they would have speedily bought the stored-up goods and thus cleared the way for more goods and this would have brought about more employment.

The correct solution to unemployment is therefore to "create" such a constant demand, by putting money into the hands of consumers, **either** in the form of **wages** or else as a **dividend**, so that employment is maintained just as long as there are unsatisfied demands to fill. Every consumer will then be in the position of a "shareholder" in the Nation's Assets and will receive "dividends" in addition to wages—the dividends still being payable if the piled up goods render continuous work unnecessary—but the consumer requires the cash dividend in order to continue to buy goods.

In this way, the **incentive** to work at an efficient rate of speed and to do good work will be maintained and will result in each worker having more leisure and more buying power, as efficiency per unit is increased.

This will be far, **far** ahead of supplying people with jobs merely to keep them constantly employed. This latter method will result in workers becoming less ambitious, less productive and more wasteful because from their point of view, skill, speed, and high efficiency will not pay them any dividends and will not bring them any increased leisure, because another job of work will be created, even if not necessary from the point of view of production, just so that employment can be maintained.

In other words, the people are not really wishful to work ALL the time, but they would sooner work and have a high standard of living than be idle and have a low one. If it is possible for them to produce sufficient goods so as to have a high standard of living by only working three-quarters or one-half time, they would prefer this; and the money should be paid to them in the way advocated by Social Credit so that they can reap the full reward of their industry.

Experience has proven as true, that people will work hard at a job even if they don't like it, if they are SURE that the reward for getting such a job done efficiently and in quick time, will be increased leisure (with pay), during which they will be free to do anything they prefer to do.

The tendency to slow-up when there is no respite from continuous work is admitted by all who have experienced or studied the situation. There is nothing more deadly to individual or national ambition than to see the fruits of their efforts exported for other people to enjoy, while the only promise held out to them is that of work, Work, WORK.

A little reflection devoted to this aspect of the question will reveal the startling difference produced upon the human mind and body by the difference in method proposed by Social Credit as compared with the work program of socialists in order to find a remedy for unemployment.

Unemployment—a sign of progress.

Although socialists preach that their objective is "humanity first," yet when their policy of full employment is put into practice it will inevitably lead to the opposite results. "Unemployment" says Mr. Herbert Morrison, Lord President of the Council in the British socialist government "is the product of mismanagement in our national economic affairs." (Canadian Forum—September, 1945.)

Let us analyse this statement and see what it leads to. Every person knows that as a result of the invention of machinery and the discovery and application of POWER, the output of agriculture and industry per man has been increased. At the same time the hours of work have been reduced until

the 8-hour day is general, with further reductions easily possible.

As invention and science continues to make progress and production continues to increase, so will it be possible to still further reduce the hours of work. Thus the tendency of progress is not towards more employment; but towards more un-employment or leisure. Some unions recognise this fact and ask for reduced hours of work, but with the rate of pay increased so that the "take-home" pay remains the same.

However such an arrangement will increase the cost of production but will not allow goods to become any cheaper unless the work is speeded up so that the same amount of production is realized in a shorter time; and therefore the only ones to get any benefit from such a plan would be the workers in that particular industry who would have more leisure, but no more purchasing power.

The socialist policy of full employment leads inevitably to "making work" so as to keep people employed. This leads to "feather bedding" and "making the job hang out," which is the reverse of efficiency.

The real solution is to monetize all increased production with "new" money—by way of a dividend—so that extra purchasing power is not necessarily dependent upon more employment, but upon more production, regardless of how quickly it is done.

WAGE INCREASES

Some people think that an increase in wages would have the same effect as a dividend. Many trade unionists hold this view.

However such would not be the case. Higher wages would increase costs and the increase would be added into prices. Thus all consumers would have to pay a share of those higher wages, while the incomes of only a portion would be increased. This would lead to agitation for higher wages all round and a resultant higher cost of living to everybody which would take away all the gain made in wages.

The "dividend" however, would be a new issue of debt free money, paid directly to the individual and would not enter into production costs at all. Neither would it be recovered by taxation—because that would decrease the total amount of purchasing power. This dividend will be just sufficient additional "new money" to bring total incomes into balance with the total selling prices of all goods. There will not, therefore, be any inflation.

PRICE DISCOUNTS (Cont'd)

Let us now consider one of the problems that confronts people who neither understand the technique of social credit, nor of the existing financial system—although they admit to liking the objectives which social credit has in view—how the credits which are created to pay for price discounts will be cancelled out so as not to cause inflation. Let us consider the matter in the light of proven facts.

Only about one dollar in fifteen of the total income of Canadians each year exists in the form of dollars. The rest is cheque money or bank credit. The great proportion of business is done with bank credit. Producers, manufacturers, wholesalers and retailers, rely on the use of bank credit to carry on their businesses.

When a retailer orders a stock of goods, he generally gets a loan from his bank—or his bank carries him—as we say. This service is sometimes performed by the wholesaler—or manufacturer—who in turn is "carried" by the bank, but whichever way it is, the principle is the same, and one example will cover all. Having got his goods—on time—the retailer proceeds to sell them—some for cash and some on time. As he accumulates enough money from his customers he settles for his goods or repays his bank, which cancels out his loan. All the retailer has left is his profit out of which he gets his living.

Now, let us suppose that social credit is put into effect and each customer is given a price discount of 20%. What happens? Well all that happens is that the customers get their goods cheaper, while the retailer only takes in 80% or $\frac{4}{5}$ as much money in proportion to his sales as he did before.

But the other 20% is made up to him by a cheque which he receives by order of the Bank of Canada, and so Mr. Retailer can now pay all his bills as formerly. When he repays his loan to his bank the cheque he received from the Bank of Canada will be accepted as payment on his loan. (See page 118.)

The retailer does not get any more money, as he passed on the discount to his customer, who is the only one who gets goods cheaper, while the retailer, the wholesaler and manufacturer receive payment of their bills as before. The "price discount" has thus performed its work of delivering goods to customers at a reduced price.

DIVIDENDS (Cont'd)

With regard to dividends the procedure is similar but there is a final difference.

As the productivity of the industry of the country increases because of the introduction of power-driven machinery and scientific inventions and processes, less man-power is required to supervise the maximum output of goods. Because people are required to consume these goods they must be supplied with purchasing power. It is only reasonable that most of the work of supervising the machines should be carried out by those who are in good health, vigorous and efficient so as to produce goods as cheaply as possible. There may be less work hours for all of these, but they will, along with the aged, the less efficient and the sick, be required as consumers in order to provide a market for all the goods.

Consequently all that is required of the financial system is that it shall pay to these displaced persons a dividend that will be just sufficient additional purchasing power—when added to the income of the workers—to equal the selling price of all the goods. The workers will also get a part of the total dividend to maintain their incentive for high production.

The additional new money for this purpose that goes into circulation each year will only be sufficient to exactly balance the total incomes of the people with the total selling price of their output of goods. There will not be any inflation, but only

a gradual growth of income to correspond with the greater quantity of goods produced.

HOW WOULD SOCIAL CREDIT AFFECT ME?

(a) The Individual

Every individual likes to feel there is a place in the world for them. They like to feel they are needed and to the extent that our society and economy can give that feeling to each one of its members so will it be likely to arouse the feelings of co-operation and responsibility that are essential to any successful society which is based on freedom of thought. Freedom of thought is the basis of democracy and if that freedom is denied then the result will be some form of dictatorship no matter whether it takes the form of centralized capitalism, fascism, socialism or communism.

All forms of dictatorship aim at standardization, not only of the means of supplying the wants of the people; but also of the very wants or requirements themselves. They also aim to standardize the personalities and mentalities of the people.

Had nature intended the rules of standardization to prevail how much more simple it would have been if every human being was the same height, weight and length; also if everyone's desires followed exactly the same line and we all had similar wishes in regard to clothes, food, ideas of leisure etc. **But nature does not do things that way.** On every hand we are confronted with a variety of every form and also within every form. That is what makes a study of nature so interesting and also one that requires some intelligence. Consequently an economic system designed to take care of the infinite variety of requirements in order to bring happiness to such a multitude of variegated personalities requires a far greater degree of intelligence, toleration and consideration than does one which is content to aim at standardization rather than the development of individual personality.

One of the socialist plans of the British, Labour Government was the standardization of men's clothing. The purpose of this move was to reduce living costs by regimenting production instead of regulating finance. The method chosen was

to restrict men's suits to a certain standard of cloth, cut and color with the object of reducing the cost rather than increasing the buying power of wages so that the wage earner could exercise his right of free choice.



Procrustes would fix this
by cutting off his legs
above his socks.

NATURE'S LAW

Every snow flake, every leaf and every finger print is different. Even within species of animals the physical and temperamental differences are apparent. How much more variegated are the physical and mental differences in the human species? If genuine happiness is to be attained, the economic system must make provision for these differences to be developed by each personality.

There are two main controlling impulses in the world—compulsion and inducement. Under the heading of compulsion we can list fear in all its forms as the most prominent, fear of the future, fear respecting the present job and its terms of service, security, etc. **It is a strange thing that as new discoveries lead to greater production possibilities, that fear seems to increase.** Indeed a new fear is added because as long as there is a threat of scarcity, our chance of employment

seems better. But with the coming of plenty in any line—which should mean more security—the feeling of apprehension quickens within us, lest our services are dispensed with—and with that our chance of having the means to buy any of the goods that we have been instrumental in producing in such abundance that we will not be required to produce any more, for a time.

With the Social Credit Dividend in operation fear will be replaced by confidence. The pride of ownership will become a reality when every improvement, no matter how remote, will be reflected not only by an increase in income, but additionally in the ever upward trend in the purchasing power of every dollar contained in that income. People may not feel they have "arrived"; but they will feel they are making very good progress.

There is no reason to suppose that the **removal** of the fear-complex so prevalent under capitalism, or indeed any "compulsion" regime, will lead to a relaxation of effort.

Those who have had any experience with children know that encouragement is the only method to arouse real interest; and "men are but children of a larger growth." The freedom from compulsion will be replaced by a continuous urge to accomplish, once it is realized that every step towards accomplishment brings automatic rewards. Minds as well as muscles will function better under the benign influences of encouragement.

There will be a noticeable change in the atmosphere between employee and employer. At the present time owing to the natural results of the policy of our financial system there cannot help but be a measure of antagonism—that **one person can only be benefited at the expense of the other**. This will be removed because with the factor of finance working in co-operation with the other factors of production and consumption, both employer and employee will be regarded as an investor and a shareholder in Canada and Company, Unlimited; and therefore every employee, as well as the employer would receive a dividend according to the increase in the National Wealth.

Everyone would also benefit by the price discount and reduced taxation. This would encourage and enable almost everyone to build and own their **own** home. While the resulting strong demand for materials would undoubtedly throw a considerable strain on the producers in that particular line, yet the fact that consumers would be getting good value for their money (because of the price discount) together with the assurances to the producers of an "effective demand" for as long as consumers required anything, would engender that **dynamic confidence in the future** which is now lacking.

There would be no question of one portion of the population working at a disadvantage, as compared to another. With each one having complete freedom to choose his occupation the maximum of efficiency would be attained. If, under such conditions the recompense obtained was unsatisfactory, with a freely operating law of supply and demand under which "**effective demand**" would always be sufficient, then the refusal of people to buy would be because they did not require the goods, and the maker of them would have to turn his attention to making something that the consumers DID want.

This would occur until society reached one of two stages. Either the absolute limit of production would be reached with some wants still unsatisfied; or the productive system had satisfactorily supplied every want. In the first stage the "Utopia" of the socialist would have been attained without any compulsion, because **full employment** would be reached. And it would have been reached not with the objective of giving every person a job in order to draw wages, thereby encouraging sabotage in all its forms, but by making use of every production agency which the inventive genius of man could make use of, in the effort to satisfy the demand.

If, on the other hand, the productive system was able to supply every want, and yet not be working to capacity, then a well earned leisure could be enjoyed by all while at the same time incomes would be continued—in the form of Dividends—as long as the goods and services were available to satisfy the demand.

(b) The Laborer

In the minds of all people other than laborers it is pretty safe to say there is an idea that a laborer is a person who is unskilled. At the same time, most of those people would be willing to admit that the laborer performs work that is highly necessary, as well as uncongenial; in fact he is indispensable.

The argument that labor of any description is entirely unskilled would be hard to maintain and it is getting increasingly so every day. In any event it is sure that the machines that have been invented to displace him are themselves the products of highly trained engineers, if not inventors, constructed by the work of tradesmen who are skilled.

Before the machines were invented the "laborer" filled a position so indispensable to the economy that without his labor, it is doubtful if existence would have been possible. Although his services as a laborer are not required to anything like the same extent as formerly, he is still necessary as a consumer and as his services were so indispensable in the past, the benefit of the machines that have taken his place—and to the improvement of which some from the ranks of labor have probably made a contribution—should be shared by him to at least the same degree as other members of society.

Probably because of the fact that a good physique was the most necessary quality required for a laborer's work, while an education was not essential; a considerable portion of the "labor" army of the nation consisted of healthy boys who were taken from school as soon as the law allowed so that their earnings could augment the wages of the father and eke out a deficient income.

An examination of the reason for the necessity of such a course reveals a condition existing in our economy deserving only of censure and which could not be condoned by any claim to be intelligent.

The reason for the wages of the head of the family being low was owing to the competition of more men than there were jobs available, which is generally the condition in time of

peace. The main argument advanced to justify low wages, was that low wages must be paid in order to keep "costs" down so that both domestic and export markets could be served at the lowest competitive price. This was purely a financial problem and could have been adjusted by a correct financial policy. This will be dealt with later.

Thus the boy was thrown into competition with the father and the result was that the production of two was obtained for the financial wages of one, without any direct adjustment being made by the financial policy so as to ensure sufficient purchasing power to buy the goods and services created by cheap labor. As proof for the statement that the production of two was rendered for the wages of one in some occupations, a reference to the fact of poverty in the midst of plenty should be sufficient answer. While the unemployed laborer tried to peddle his services in vain and as a consequence was forced on the "dole" in order to exist; the goods produced as the result of his partner's labor, were often unable to find a buyer, simply because of lack of purchasing power in the hands of those who needed them and not because the goods were **NOT WANTED**.

It is perhaps the fruit of this maladjustment in our economy that produces the feeling of bitterness and frustration in those who compose this laboring class. While the real explanation is simple, it does not seem to be so easy to put it across. For this reason, false explanations seem to be more readily accepted than the correct one. To the average laborer "the government" seems to occupy a school-master status who has the authority to keep his "boss" in order.

Government Ownership No Remedy

Therefore the laborer's mind is readily accessible to the suggestion that if "the government would run things," he (the laborer) would get a square deal. Not having the inclination nor perhaps the ability to reason the thing through, he admits, and repeats this trite remark as if it were an argument.

However, working for the government instead of a private boss would not rectify the **inadequacy of the financial policy**

which is the real reason for the laborer's misfortune. Indeed it might make it worse. Whereas at the present time, the laborer can belong to a union which is permitted by law to call a strike in order to press a claim for higher wages, (while the government acts as a referee,) it might be quite different if the government were itself the employer. In such a case, striking against the new boss might involve constitutional difficulties and instead of being the exercise of a right, could be construed as the act of a traitor.

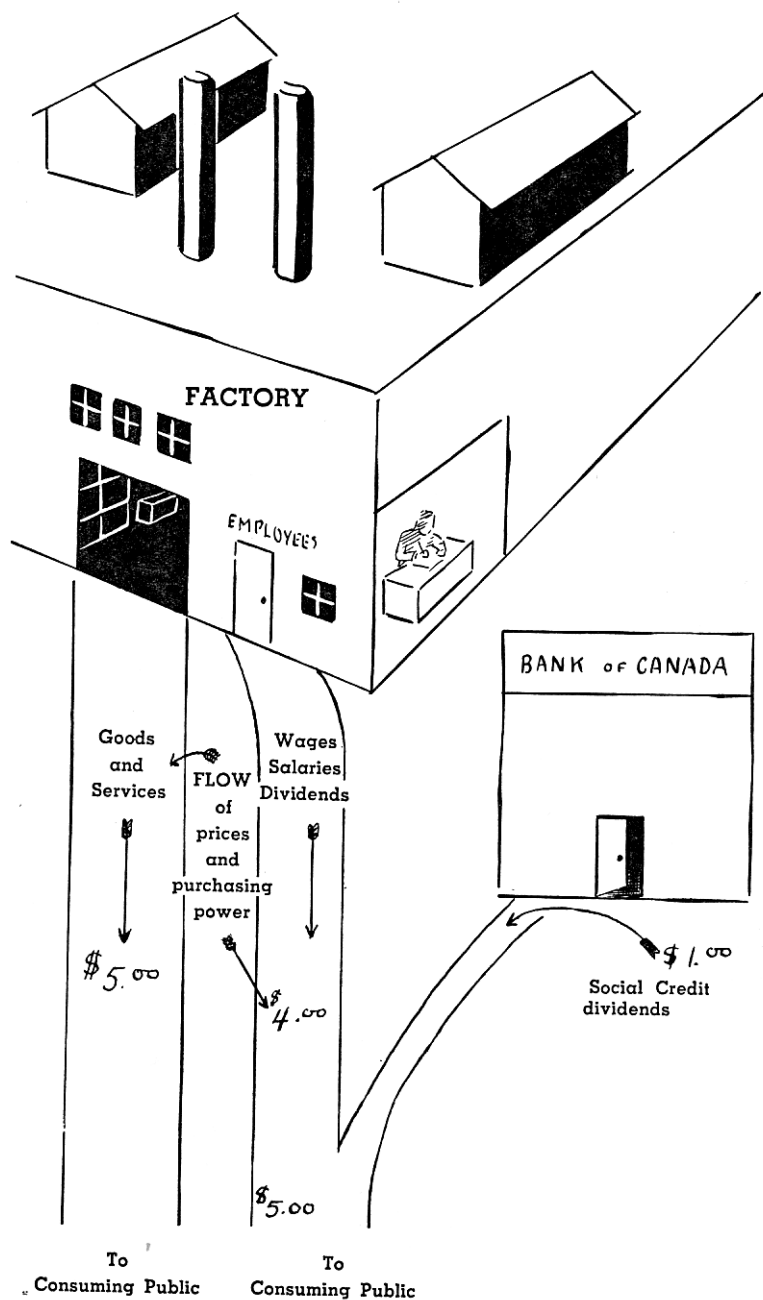
The feeling of frustration and desperation which brings about a determination to call a strike is caused by the conviction that in some way the laborer is being cheated out of the full fruits of his work.

He undoubtedly is, but the situation will not be improved by a change of employer, the State for a private Boss. The trouble is not caused by a matter of the ownership of the plant, but rather by a defect in financial policy.

The following illustration may clarify the problem.

It should not be difficult to imagine that the collective efforts of 10 laborers in the course of a month would produce the goods which constitute the stock in trade of a small general store. Let us suppose that such was the case. Now if the laborer's wages received for production were all added together, they would not amount to sufficient money to equal the total prices on the tags of the goods on the shelves. This is caused by the fact that there is insufficient money distributed in the process of production to equal the retail price of the goods, after providing a living wage for the store-keeper. "The rate-of-flow of prices is always greater than the rate-of-flow of wages." If the laborer's wages are raised so as to make them equal to present retail prices, then the higher wages will enter into the cost of production for the next cycle of production and necessitate a higher retail price, and this will eat up all of the wage increase.

If this was not so, then the co-operative store would be the complete answer to this shortage of purchasing power. This has not proved to be the case and in England which recently celebrated the 100th anniversary of the co-operative movement, the problem has not been solved.



The "rate of flow" of wages, etc., needs an addition (dividends) so as to equal the "rate of flow" of prices.

It is, however, purely a financial problem and not one of production. All that is required is that some additional stream of purchasing power such as is partly performed by the "patronage dividend" of the co-operative store, but derived from a new issue of debt free financial credit, should be added to all wages, salaries, and dividends so as to equate **total** purchasing power with the total retail prices of all consumable goods.

The issue of this additional purchasing power would not be inflation because it is only sufficient to buy up the goods at the existing price level. Neither would it constitute a debt because it is issued as **debt-free** money to enable the workers to buy back what they have already produced. It is really the payment for an established credit, and should be shown as a balancing financial payment for the **real** credit it represents.

If this procedure was followed, the feeling of frustration would soon be dissipated. Each laborer would be sure that every effort made by him which resulted in greater production would automatically give him increased purchasing power. It might be that his dividend would be increased or it might be that some reduction would be made in the price of all retail goods, which in the aggregate would equal the increased production contributed by every laborer.

In this way, each individual will feel a responsibility for the success of the whole enterprise and this, together with the realization that working in association with others will also increase the output per man, will restore that individual interest and initiative which the operation of centralized **capitalism** has done so much to destroy. Individual initiative must be preserved if the world is to be saved from regimentation which will eventually result in totalitarianism.

Social Credit alone has the answer. It analyses the defect and proposes a solution.

The laboring class has contributed its share towards building up the Social Credit of the nation and is entitled to share equitably in all the benefits.

(c) **The Farmer**

By reason of his contact with the soil, the farmer is more apt to be guided by the real things of life, and much less liable to be misled by indications or circumstances which are brought about by artificial conditions or through interference with the **Laws** of Nature.

For instance, if the soil appears to be good but does not yield a crop, a farmer will check on the seed he has sown and the method of cultivation that has been followed. He will not blame a partial crop failure upon the ownership of the land, and neither will he expect any higher yield from a co-operative farm than he would from a privately owned farm. In other words, it is the treatment that the farm receives combined with its natural fertility and the weather conditions that determines the productivity of a farm; ownership is not necessarily a factor.

The business of a farmer is to produce to the limit of which his farm is capable, compatible with good farming, and having done so, he has a right to expect that the prices he receives shall bear a similar relationship to the prices of those things which he has to buy, as the **REAL VALUE** of his products bear to those he purchases.

Neither is it his business to provide "jobs." The fetish of constant employment has been greatly overworked by socialists and Trade Unionists. No solution lies that way. The farmer tries to get as much work done as possible in the least time, and with the smallest amount of wasted effort. The crops and the cattle do not cease to grow if the farmer is not working every day. It should be the same with the industrial system if it is properly managed and as long as the goods and services are being turned out rapidly enough to supply the demand, as much leisure time as possible should be enjoyed and the pay should go on just the same.

If a farmer wanted to "**make work**" he could carry the hay from the field to the barn on a pitchfork, or get rid of the manure by the same method. Methods similar in principle to this are proposed by socialists who wish to "provide work" and set men to labor with pick and shovel to "earn" their living when machinery would do the job faster and better.

Normal men resent being compelled to work for work's sake and as a result they will work without ambition, and their production will be of lower quality in any line of endeavor where such conditions are imposed.

Recognizing it is not possible for any individual or commission to set up a standard of "real value," **the determination of this matter must be left to the consumer.** The only stipulations required are that the consumer must be able to exercise "free choice" in the matter. In order to ensure this, there must be no artificial shortage or monopoly in the supply and also there must be sufficient purchasing power in the hands of the consumers.

Unfortunately, farmers have been discriminated against by the MONOPOLY FINANCE SYSTEM which refuses to "monetize" extra production and insists that low prices are bound to follow **over-production**—as it is called—but the right explanation is **under-consumption** caused by lack of consumer purchasing power. **This is a good illustration of the failure of the present financial system to provide sufficient purchasing power to consumers through the producers.** (See page 25.)

Farmers have learned by bitter experience that hard work and production do not automatically bring money into existence. The only automatic reaction is back-ache and tired feet, accompanied quite possibly by a feeling of satisfaction over a job well done.

Hitherto, the only influences which have successfully discouraged farmers from producing to the limit have been **poor prices, lack of adequate markets, or unreasonable taxation.** If the **REAL PRODUCTIVE POWER** of the country (both actual and potential) was "monetized," so as to be properly represented by adequate purchasing power distributed among the consumers, the farmer's natural urge to greater production would be rewarded by greater prosperity, because consumers would be able to buy to the limit of their requirements—or the farmers' ability to produce—whichever condition was attained first.

When a farmer tills the ground and sows the seed, NATURE yields the increase. BUT nature does not yield the

money to pay for the crop. The banking system must do that; and if it is not done in a sufficiently scientific manner to enable the farmer to get a fair recompense, he may be poorer as the result of growing a good crop than he was before. If this happens, it is clearly not the farmers fault, as he has produced the real wealth, but he has to bear the penalty. The responsibility for not having produced the finance in such a manner that the farmer will get a fair price and his produce be distributed to the consumers who need it, rests upon those who have the privilege and responsibility of creating and distributing the money, i.e. the Financial Power.

The production of financial purchasing power should proceed at the same rate as the production of the REAL WEALTH and distributed to consumers in an equitable manner so that the money will be available as and when the goods come on the market.

This is what is meant by the "monetization" of real wealth. (See pages 37-43.)

With a Social Credit policy in operation the surplus of farm products which at present cannot be consumed in Canada, will be exchangeable for the surpluses of other countries.

When these imports arrive in Canada, the purchasing power in the hands of the Canadian people which results from the "monetization" of Canada's agricultural **exports**, will be available to buy the **imports** received in exchange.

With the assurance of a continuous and constant market at fair prices, any tendency to "mine" the land would be discouraged because all good farmers realize that over a period of years, the greatest returns can only be obtained by "good farming," which provides for proper conservation of the soil by crop rotation, etc.

Thus high production and real efficiency would go hand in hand with increased consumption, while the farmers' standard of living would be limited only by his ability as a farmer to produce. The prices he would be able to get for his product would, because of unhampered demand, always bear a reasonable relationship to the prices of the goods he wished to buy.

Thus parity prices for farm produce would be obtained as a natural result of the financial policy and operation of Social Credit.

Now let us examine the proposal to limit agricultural production to restricted quotas in order to maintain prices.

The "quota" idea regarding production was advanced in order to limit production so that it would fit into the narrow confines of a fixed financial capacity which was assumed to be incapable of expansion.

It was presumed by the apostles of scarcity that prices must always fall in accordance with a pseudo-law of "supply and demand" when confronted with plentiful production, because there is insufficient money to maintain a fair price when goods and services are very plentiful. Therefore a solution of the problem was attempted by putting a "quota" on production so as to make the supply of goods conform to the strict confines of a "scarce money" policy. The result of such a policy is to bring about an actual scarcity of **real** production demonstrated in the United States during the Wallace regime by the drowning of a million pigs, and plowing under every fourth row of cotton.

Social Credit technique would tackle the problem from the other end and make finance serve production and consumption. Then plentiful production would be balanced by sufficient purchasing power. Under such a method the only quota to be applied to the producer would be his limit of Production, or—when every consumer was able to purchase to the full extent of his requirements or wishes.

Strangely enough, the quota idea is advanced by socialists who also claim to believe that increased production automatically brings into existence the purchasing power with which to buy the goods produced. Their position is quite illogical because if production **did** automatically create the required purchasing power, then there would be no need to restrict production.

This socialist idea that production creates purchasing power, is not true at present, but it would be made true by the adoption of the National Dividend which is the Social

Credit policy and would supply the additional purchasing power to the consumer, whose demands would provide a market for all desired production.

The point which socialists do not seem to understand is that money or financial credit is produced at a money factory—a bank. Hard work and production do not of themselves bring a single cent of money into existence.

Parity Prices

By its policy of adequate purchasing power for the consumer, Social Credit would automatically encourage efficient and desirable production for which the consumer would always be able to pay a fair price.

Farmers would be encouraged to produce to the limit as long as there were any hungry people within the sphere of Social Credit influence.

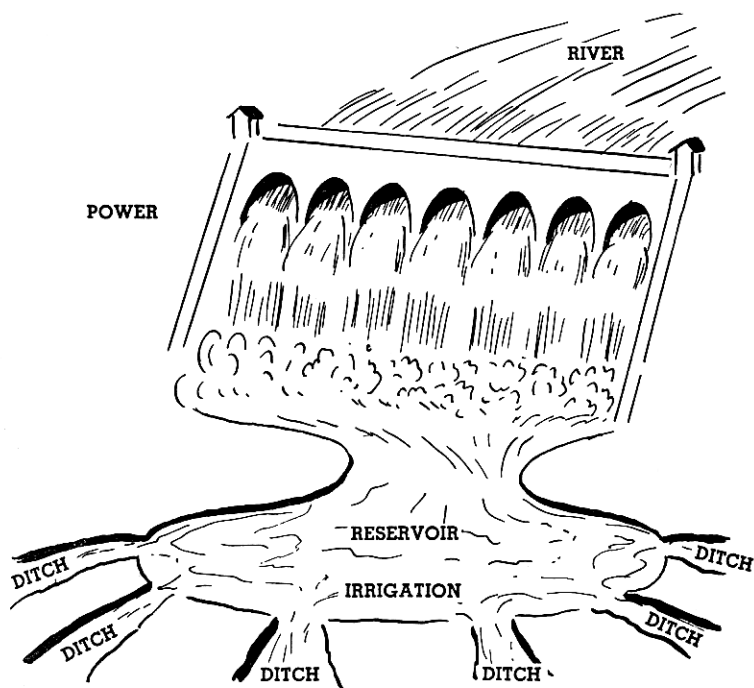
The essential difference between Social Credit and all other economic proposals is that Social Credit finances **Production** through the **Consumer**. Thus, the unchallenged statement made by Adam Smith, the internationally recognized economist and author of the "Wealth of Nations," that "consumption is the sole aim and purpose of production," is brought into active play by the policy of Social Credit.

It is therefore imperative that the policy of finance shall be directed so that no obstacle shall be placed in the way of production and that sufficient purchasing power shall be distributed to the consuming public in order that they can buy the product to the full extent of their requirements.

All other economic proposals endeavor to show that consumption IS or SHOULD BE financed through the processes of production and are thus seen to be in opposition to the accepted thesis enunciated by Adam Smith. This is the reason they cannot function without creating a DEBT, and the growth of the National DEBT is caused mainly by the fact that insufficient purchasing power is distributed during the process of production.

This deficiency is made-up by borrowing and eventually becomes part of the continually increasing National Debt. Any

deficiency incurred by the operations of the Wheat Board must either be recovered by taxation or find its way into the National Debt—upon which interest charges have to be paid. No protection from low world wheat prices can be given to Canadian farmers by existing capitalism or socialism except by these two methods; but the method recommended by Social Credit, of monetizing desired production with debt-free money will enable Canadian farmers to obtain a price in accordance with the price level of the Canadian economy—without the creation of any DEBT. The farmers would then realize their goal of Parity Prices.



Just as the river water in the diagram does two jobs by providing first for power, and afterwards for irrigation; so will a "dividend" to farmers for super-production provide them with additional money to buy imports from any country which needs Canadian dollars to buy wheat or other production from Canada.

(d) **The Industrialist**

The purpose of industry is to produce goods, and happy would be the industrialist who could carry on his business and have to take into account only those hazards which can legitimately be expected to be met with and the overcoming of which seem to just naturally be a part of his job. The overcoming of obstacles inculcates resourcefulness and inventiveness and adds adventure to life. These things must be looked for and it is very doubtful if their removal would, in the final analysis, be a gain for humanity.

To produce things for which there is an effective demand and to turn them out with such an appearance and possessing such quality that they appeal to the consumer—that is the industrialists art.

In comparatively primitive forms of society the necessities such as food and clothing were purchased without any advertising or embellishments, but as society became more highly organized and capable of supplying comforts and luxuries in addition to necessities, demand became more discriminating. However, just as society outgrows the primitive stages of merely requiring necessities, so with every additional accomplishment the opportunity will present itself as a challenge to the ambitious industrialist to adequately supply the most exacting demands made by customers.

Demand Activates Supply

This will show itself in every phase of "demand" from the requirements for simple necessities to requests for complicated machinery or trivial gadgets for decorative or amusement purposes.

"If a man can make a better mouse-trap than his neighbor, though he builds his house in the woods, the world will make a beaten path to his door." (Emerson 1856, under Excellence.) So the enterprising industrialist tries to supply every "demand" which the consumer makes when he lays his money on the counter.

Possibly his only regret is that the consumer does not have "unlimited" purchasing power because this would open up a vista of possibility to every industrialist with vision.

He would have his ear to the ground in an endeavor to anticipate the wishes of the public, if possible, so that he could be first in the field to provide the articles they would require.

His mind, and that of his trained staff would be constantly alert to observe the trend of public desire, while research and invention would be kept on its toes in order to keep pace with the ever-expanding public demand.

This would not be any temporary "boom" condition however, because underlying it all would be that sense of security brought about by the surety of markets which would give ballast and steadiness to competition; and confidence to both the industrialist and his employees.

That ballast would be permanent because every increase in production would automatically result in increased buying power for every consumer, either through the price discount or the social credit dividend.

Instead of the feverish anxiety to hold a "job" which often has the effect of deadening initiative, and prevents the smooth working of the mental processes, every one of his employees would have a feeling of security that the market was ready to absorb the goods as long as quality was maintained and the customers' real needs were not yet satisfied. When the wants were satisfied then the dividend would replace wages for the employees until a fresh demand was registered.

It is useless to blind ourselves to the fact that there is another influence at work which is constantly endeavoring to undermine and overthrow all genuine efforts at efficient and non-wasteful production and against which skill and application to one's job will not prevail. This influence or power aims at the sabotage of everything designed to give good service to customers and constantly strives to maintain an oligarchy of power which can control both producer and consumer alike. That power is monopoly finance, and monopoly finance thrives on waste. Consequently its policies are a constant threat to the virtues of durable workmanship and true efficiency of production and distribution. For instance, without waste of war, plentiful production would mean a continual depression; but it should mean extended leisure—with pay.

Individual Enterprise

An individual who has put his time, thought and money into a business venture rather expects to get the co-operation of the personnel he employs in order to make a success of the venture.

He himself is probably pledging a lot of his personal assets—perhaps his home—in addition to his cash savings so as to get sufficient financial accommodation to start up his business and if he does not get co-operation from every individual employed, the success of the whole venture will be threatened.

There will of course be differences of opinion within the organization and perhaps some labor trouble most of which matters are reasonable obstacles which are always apt to occur in human relationships and can be overcome by a good personal relations attitude.

However there is a larger sense in which co-operation is essential to the success of a business venture and it depends upon the co-ordination of outside influences over which good management within the business has no control. It is important that the relations between the industrialist and his banker should be friendly and frank. But while this is important in a personal sense, there is a much greater necessity for the co-operation of finance with industry in the overall sense, irrespective of personal relations. In other words, the financial policy must be **right** otherwise industry cannot succeed, no matter how efficient, except at the expense of the worker in the industry, and the consumer in general.

For instance, let us consider conditions as they existed during the early thirties. Although the farmers' granaries were bulging with grain, prices were so low that the farmers had no money to spend. Consequently, business dropped off in the cities and as a result industrial and commercial employees were laid off and their wages stopped.

The stores were full of goods and radio advertisers implored the people to come and buy; but being fearful of the future, nearly everybody refrained from buying anything except absolute necessities. Thus the enterprising manufacturer with

a large stock of goods on hand but receiving no orders from retailers, was faced with the necessity of curtailing his output or shutting down altogether.

Such a situation was not brought about by any lack of quality in his goods, nor by lack of a real need for them. The situation is entirely a monetary problem caused by the fact that insufficient purchasing power is distributed in the process of either the production of raw materials or the manufacture of secondary products to provide the wishful consumers with enough money to fulfil their wishes.

FINANCIAL POLICY IMPORTANT

This is where the POLICY of finance comes into the picture. Apart from his own requirements and that of his business, the industrialist has not given so much attention as perhaps he should to this aspect of the question. He knows that during "good times" as he calls them, there is a market for his goods and therefore he keeps his own employees working and producing more. When sales begin to fall off, he is compelled to curtail his production and this entails "laying off" some of his employees. He does not do this because he likes doing it. In many cases it causes him distress of mind as well as loss of income and we do not doubt that many employers have kept some employees on during a slump, even though they lost money by doing so. The employees that our manufacturer is compelled to lay off are forced to curtail their buying and this causes employees in other businesses to be laid off. And so a cycle of unemployment is begun.

The question to which we have to find the answer is, why did "good times" come to an end and a slump begin? One writer dealing with this question dismisses it with the trite schoolboy observation of "what goes up must come down." Obviously however there must be a reason for prices going up and down. Why should the price of wheat be three times as high in 1948 as it was in 1938? The wheat is similar and just as many people are still wishful to eat it and much the same quantity is being produced. To put the problem in a very elementary way—if there is only \$1.00 of money as

against 10 articles, then if all the articles are to be sold they can fetch 10 cents each. But if 20 articles are for sale and there is only \$1.00 to buy them, then the price can only be five cents each if they are all to be sold. The price level is regulated by those who have control of the creation of financial credit. (See page 2, Money.)

These questions have been delved into and attempts made to analyse the reasons by many economists but the analysis made by Major Douglas, who points out by actual fact as well as mathematical formula that the prevailing policy of finance has a continual tendency to bring about a chronic deficiency of purchasing power, fits the situation.

The financial policy of Social Credit is designed to overcome this, by distributing to consumers enough purchasing power to buy up the goods and services which have been produced.

The operation of such a financial policy will remove that major grief to all industrialists—lack of adequate markets—which results in lay-offs or running factories at half-time thereby adding to the costs of production.

One of the two major methods by which additional purchasing power will be distributed i.e. reduced prices, will be a big help towards removing the cause of strikes by workers for higher pay. When each worker realizes that a retail price reduction will be made whenever his efforts result in greater efficiency, there will naturally spring into being an enthusiastic co-operation between all branches of the factory, which will result in greater output per unit until a high degree of efficiency is reached.

Sabotage and waste will no longer be looked at with an approving or tolerant eye by other employees because both will be recognized as requiring more work to overcome. "Full employment" will no longer be the target aimed at because "results" will be paid for, instead of the time put in, and the dividend will take the place of wages as long as the supply of goods is keeping pace with demand even though the employees are not required to work.

Both employee and employer will benefit from greater efficiency in production. The former by being able to buy retail goods more cheaply, also by receiving a dividend in addition to his wages and also by getting more durable goods and shorter work hours—the employer by always finding an available market for all the goods his factory can turn out. By having the minimum machinery installed which, being run to full capacity will be conducive to greatest efficiency in cost and output. Finally by sharing with his employees, both the national dividend as well as the reduced retail prices of all goods which is the result of the joint effort of employer and employee, producer and consumer, resulting in a more efficient economic system. Even with a perfect social and economic system prevailing some form of accounting would be necessary (as long as human nature displays so many different tendencies) and Social Credit would provide such a system because it would adapt itself to the actual existing facts of production and consumption.

PLANNING

With socialism and some other methods however, more efficiency in production or a swing in consumption tastes—if not disallowed by the Government—would disrupt all fixed plans and present continual problems. Unemployment would come into the picture, requiring an artificial remedy to deal with a situation which if properly looked at is a sign of productive efficiency, but when looked at from the point of view of providing jobs, is obviously failing to do so. Plans for production would be thrown out of gear and a centralized system of planned production is much more inelastic and difficult to adjust than is a private enterprise method governed by supply and demand.

In fact the only system of "planning" that can be efficient and at the same time acceptable to a free people is "planning for freedom," which would mean displacing all the restrictive plans which inevitably grow up in a socialist bureaucracy.

With the policy of finance being compelled to accommodate itself to both increased production and increased con-

sumption, the desires of producers and consumers will be integrated. This will bring about a unity of purpose within each industrial unit that will be conducive to economic peace.

The ambitions of the employer will co-ordinate with those of the employees because both will share in the higher income that will come about as a result of greater production; and both will enjoy the benefit of lower retail prices which will be the result of greater efficiency.

(e) The Professional Man

The inspiration which is necessary to enable all professional men to not only be successful from an economic point of view but also to maintain the high ideals which are essential if the professions are not to be lowered to the meal-ticket level, can only be provided when the utmost freedom of thought prevails and where material rewards are sufficient to enable mental and spiritual aspirations to feel unhampered.

All true progress (and by that is meant the individual happiness which results from the satisfaction of legitimate desires), is made more rapidly where economic conditions are most conducive to individual liberty. In other words, if professional men are to be overworked or underpaid while making an economic livelihood, they will soon cease to give the lead in cultural activities which their professional training peculiarly fits them to do.

In order to help maintain their own profession at a high level as well as contribute to the cultural activities of the nation as a whole, the professional man must not "get into a rut." Getting into a rut is mostly a condition of the mind and while not desirable in anyone, its deleterious influence doesn't have such a widespread effect when evidenced by tradesmen as if it assumes control of the professional mind. For tradesmen and industrial workers to allow themselves to be deluded into imagining that centralized planning will result in a more productive and therefore a more wealthy economy in spite of evidence to the contrary, is bad enough and will result in even less independent thinking, but for the professional man to do so would be disastrous.

The Basis of Liberty

Therefore all professional men should be aware of this danger and give their support to any proposal that offers the opportunity of expansion of all forms of material wealth only limited by our natural resources and our power to use them, while at the same time preserving and increasing, as far as possible, the liberty of every individual.

Any proposal to regiment the minds of the professional class will inevitably give more impetus to similar tendencies which may already have a hold on the industrial and trades-workers and result in a control of thought which is a long step towards the totalitarian state.

It is a responsibility of the professional class to resist this tendency and their responsibility is doubly strong because they must realize to what an extent **freedom of thought** contributes to high attainments in most professions.

Being in a position to properly assess the importance of untrammelled thought should provide the spur for them to resist any encroachments upon it, even if attempts to do so are made in the name of the "state" or camouflaged by the trite saying that it is "for the peoples' own good."

If the professional man can maintain his own freedom and his vision, he can be of help to the tradesman and laborer to do likewise. For instance, the architect by his vision in conceiving a beautiful structure and drawing it into his plans helps to enkindle or maintain a similar love of the beautiful in the minds of the craftsmen who construct the actual building.

It is the responsibility of every professional man to endeavour to build up similar high ideals in everything appertaining to his own profession.

That much maligned profession, the legal one, has the opportunity and responsibility to point out to minds of lesser training and understanding how the bulwarks of our individual liberties have been safeguarded in the past.

A knowledge of these things is essential in order to prevent any hasty action, not based on sound grounds, being

taken to overthrow old laws and practices, simply because they are old.

A growing and expanding democracy is dependent just as much on the old foundation as it is upon buttress work, which can be used to reinforce those parts upon which the rapid progress of latter day developments have thrown extra stress.

Bureaucracy Leads to Tyranny

Although socialism tries to boost itself with the slogan "humanity first," the whole active policy of their movement contradicts this. This is an inevitable result because socialism stands for a "planned economy," with the planning being done by centralized forms of government, which will eventually lead to bureaucracy.

Although a large number of socialists, particularly that branch which calls itself "social democrats," maintain they will only press their plans in a moderate manner, it must be apparent to all thinking persons that "moderation" is a term capable of widely different interpretation according to the disposition of the person exercising it. Experience has proven that individuals of a truly moderate disposition are unsuited to enforce the regulations which a socialistic government will find it necessary to impose. Thus, **authority will gravitate into the hands of those more ruthless officials who will be willing to go to any length in order to enforce the obedience of individuals to the dictates of the state.**

Do not be misled by any disavowal of intemperate extremes being resorted to by those of kindly characters. History is full of examples of how persons having a kind disposition have been compelled to withdraw from the active administration of a theory in which they thought they believed, because the methods necessary for such enforcement outraged their sense of decency and humanity.

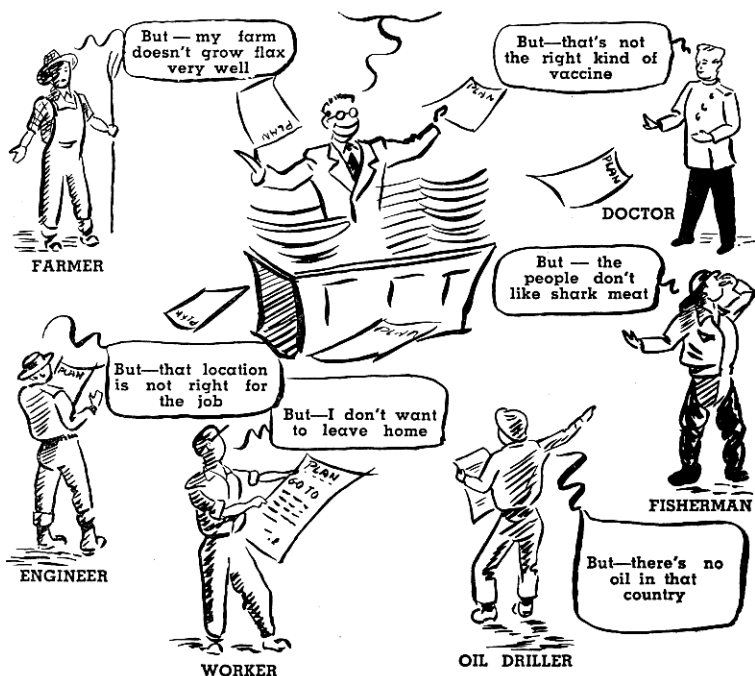
Thus although the slogan of socialism is "humanity first," the essential outworking of the principles of planning and compulsion, will prevent the exercise of the very principles which it is supposed to manifest.

Prominent socialists in Great Britain have already expressed the view that compulsion is required to play a larger part in socialist administration than they had hitherto imagined. Several former strong supporters of the humanitarianism of which socialism was going to be the shining example, have been compelled to voice their disapproval of the dictatorship methods which the actual administration of socialism seems to find indispensable to its success.

THE CENTRALIZED PLANNER

If you all go to work as I say, there will be "full employment" and then everything will be all right

Do what you are told and—DON'T THINK!



The process of putting socialism into practice, while hardening to the point of ruthlessness all those who do the administering, will have an opposite effect upon those who have to submit to continual regimentation.

Continual acquiescence to the point of slavish obedience will destroy personal initiative so that the majority of em-

ployees will be reduced to a condition of being unable to make a decision. The story of the junior white collar worker who was helping the farmer to harvest his potatoes during the war is a good illustration. The farmer wanted the "spuds" graded roughly into two heaps—big ones for market, and little ones for pig feed. He noticed the white collar worker seemed rather distressed and asked if anything was wrong. The young fellow replied, "This business of deciding which are the big ones and which are the little ones, is killing me."

Just as doctors or engineers are sometimes compelled to take measures in a moment of emergency and to meet which the "orders from headquarters" could not possibly be rapid enough, so are such situations met with quite frequently in everyday life. Unless the day-to-day habits are formulated to contend with these emergencies, there will come a time when individuals will not have the initiative to respond.

A course of regimentation under directives such as socialism would set up, will sap individual initiative until it is no longer able to deal with an emergency situation should it arise. It is therefore, the duty of the professional man who recognizes these principles to resist to the utmost any philosophy which threatens to undermine that independence of thought or action which are so necessary if "on the spot" decisions have to be made for the success of the free enterprise philosophy and the continuation of democracy.

Slick Slogans

One of the reasons why the arguments of socialism find an easy entrance into the minds of a large number of people is that the idea can be conveyed in very few words that, "government ownership and control," will automatically confer considerable benefits upon the people. To continue in the same strain of language, "the people will own and do these things for themselves," and therefore be the beneficiaries. The saying, "The government will do it" is a short sounding sentence that requires no thinking and therefore lends itself as a ready slogan to the person who does not want to THINK.

On the other hand, to convey the social credit thesis is to speak of methods that sound as intricate as the workings

of a ship's chronometer (clock) which, in spite of the fact that it may keep perfect TIME, is condemned because it seems too complicated to understand.

It is readily admitted that a description of Social Credit which urges "the scientific adjustment of the policy of finance so that the purchasing power in the hands of consumers is equal to the total selling prices of consumable goods," requires more thought to comprehend; but that is no proof that its operation would prove a mental trial to the people any more than carrying a watch causes any mental strain. If a watch always keeps the right time, it will provide relief from worry in that respect and Social Credit would work similarly in the economic field.

It is a well known fact that constant worry is one of the worst enemies of good health and the removal of financial worries would probably result in a marked improvement in national health in the course of a few years. Almost everyone can realize what a tremendous effect an expensive sickness can have upon a family of moderate means, and change its outlook from one of optimism to one of extreme pessimism.

Socialist propagandists have used this knowledge to advocate various national health and insurance schemes which appeal to the low-bracket wage earner, because they hold out the hope of removing the awful fear of dropping into a chasm of debt if overtaken by sickness or accident. But little stress is laid on the irritating effects of weekly deductions from a wage that is already inadequate to buy security in a country that exports a tremendous amount of goods and services, and therefore is capable of providing adequately for its own citizens. (See pages 31 and 32.)

It is the with-holding of adequate purchasing power, which should represent in financial form the total consumable wealth of the whole country, that provides the club to beat people into submissiveness. The people are then ready to accept at the expense of freedom, the various, "National benefit schemes" which have an attractive appearance at first glance, but upon examination reveal the working parts of a doctrinaire system which can only terminate in a totalitarian state.

The principle of "humanity first" is neatly used to entice humanity into a tight-jacket of Governmental regulations and by stripping him of every particle of individual spending power ---by deductions for this and deductions for that---leaving only enough for absolute necessities in the way of food, clothing and shelter, to reduce him to a mere "puppet of the state."

Although in a minority in respect to mere numbers, the professional class can exercise a strong influence for individual freedom of thought, far exceeding their numerical proportion, among other members of the different communities in which it is their privilege to give a lead.

It is their duty to hold high the torch so that those on the lower elevations may have a full opportunity to see the light lest they follow the leadership of those who will lead them along the pathway to the darkness of "regulations" and "regimentation" into the ultimate abyss.

Provided that humanity can be subjected to the "softening up" process to a sufficient degree, any obstacles against the natural progress from "fabianism" to "communism" will be inevitably set aside.

When communism has arrived, the slogan will be "humanity last."

The professional man may be the last to lose his liberty but when the "gradualism" of scientific socialism has reached the desired vantage point, the protests and struggles of those not yet absorbed will be futile.

Remember in time, "Eternal vigilance is the price of Liberty."

HOW WOULD SOCIAL CREDIT AFFECT THE NATIONS?

Society as a whole

(a) Provincially—

In deciding how Social Credit will affect society as a whole we must first of all make up our minds what it is we want, or feel we have a right to get from our economic and political set-up.

There are two schools of thought that differ widely in principle among those who support the theory of democracy; that of centralization of Government as opposed to decentralization. Canada is a country that offers a splendid field for discussion as it has already been subject to a certain amount of experimentation along these lines. The centralization school maintains that a strong central government is necessary in order to have a united nation because if the separate provinces are going to retain sovereignty on certain matters within their own sphere, they may effectively negative national action by refusing to agree. This it is claimed, is an outrage on democracy because one province can nullify the will of the majority.

The other school maintains that the glory of democracy lies in its elasticity to be adapted to varying conditions so that individuals do not have to be forced to comply with regulations which while being suitable in one part of the country may be entirely unsuitable in another. In Canada these differences cover such a wide range of variableness that make it a splendid testing ground for the theory.

Canada is a land that has derived its population mostly from immigration sources, and its original natives are neither numerous nor influential in the political or economic affairs of the country. The tide of immigration swept across the country guided only by its opportunities and its desires. It is therefore rational to assume that as and where local district governments were set up, they were framed with the objective of catering to the wishes of the people in that location combined with the requirements imposed by the climate, natural resources etc., and their bearing on the economic results desired. These governments would first of all be on the basis of local improvement districts etc., which would later be merged or develop into municipalities, which in turn would be the nucleus of provincial government.

This is the same basis as the old Witanagemot form of local government in Britain and our purpose here is not to show that the central governments were actually brought into being by the combined action of numerous local governments; but rather that the central government derives its strength

from the support which it obtains from the lesser governments and to the extent that it gives expression to those policies which are endorsed by the minor governments and are calculated to fit in with the requirements of these decentralized factors.

Best Government Near the People

Those who, in the name of democracy, urge for a strong central government with over-riding powers, which they claim is more able to speak for a majority of the people, overlook the fact that where there is strong resistance to a measure, even though it does not represent a majority, such resistance will, if coercive methods are used, result in weakness rather than strength. The minority will nurse a grievance if they are forced to agree to a policy simply because the majority make a decision which may be done in ignorance of all the factors involved. Where the flexibility of local government is maintained there is far less likelihood of any serious rupture taking place to dismember the central government than if, under the guise of centralized strength, a National government should choose to ignore the protest of any considerable minority. Taxation without representation by the centralized government of Great Britain was the reason for the revolt of the American Colonies and resulted in the War of Independence of 1776-1783.

If democracy is to represent the will of the people, then the argument that the views of any responsible minority is also entitled to consideration, is unanswerable.

Those provinces which are wishful to maintain their sovereignty are doing so **because they realize that the nearer a government is to its people, the more truly the wishes of the people can be ascertained.**

Every province can do this and yet co-operate heartily in any national policy by giving its support to the central or federal government on any measure that is for the benefit of the nation as a whole without infringing on the rights of any considerable section of it.

It would be a wise federal government and an action conducive to its own strength that permitted every provincial

government the maximum of liberty in providing for the welfare of its own people **provided that the provincial government did not thereby interfere with any other province making similar provisions for its people.**

The fact that the B.N.A. act places the responsibility of caring for its citizens upon each provincial government without granting them adequate financial means to do so, indicates that any province which advances proposals which would enable it to carry out the exacting requirements stated above, should be given the opportunity to put those proposals into practice.

Alberta was the first among the provinces to advance any constructive policy which would enable its citizens to obtain relief from the crushing burdens which a paradoxical economic system imposed upon them. The people of Alberta have voted with ever increasing strength that the government of their choice should have the opportunity to implement measures designed for the economic security of its citizens. In spite of the fact that the **people** of the province have expressed their confidence in the same government on five consecutive occasions, the federal government has exerted its influence to prevent the wishes of the people of Alberta being implemented in that province.

The record of the Alberta government is that it has co-operated with the national government on every occasion when policies dealing with the national welfare were under advisement, even giving the lead on occasion to policies which were later proven to be sound and conducive to national unity.

The policies of the Federal Government have not, however, been reciprocal. Although posing as a "free enterprise" party, they are favouring policies which give the power of control to government boards, etc., which stop the peoples' representatives in parliament from using power which properly belongs to them.

This would indicate that there is a policy of regimentation and control being engineered through all political parties which are in opposition to Social Credit.

The policy of the Social Credit government is noticeable for its wish to co-operate to the fullest extent with others and only asks in return that it shall be allowed a full opportunity to give effect to a policy that will guarantee economic security for its people and at the same time allow them the utmost freedom to profit from their own energy and enterprise.

By the application of these attributes to the vast wealth of Alberta's natural resources, the citizens of Alberta should be able to enjoy sufficient material blessings to enable them to develop culturally and spiritually, and it is this goal which the policies of the Social Credit Government of Alberta are directed to attain.

Following is a list of the acts which have been passed by the government of the Province of Alberta in order to implement the mandate given to them by the people of Alberta on five separate occasions by large majorities.

1. "Credit of Alberta Regulation Act."—Disallowed by the Dominion Government, Ottawa, August 17th, 1937.
2. "Bank Taxation Act" 1937—Assent withheld by Lieutenant-Governor. Declared unconstitutional by Supreme Court of Canada. Appeal by Province from Supreme Court decision to Privy Council dismissed.
3. "Reduction and Settlement of Debt Act."—Declared ultra vires of the Province by the Courts.
4. "Act to Ensure Publication of Accurate News Information."—Assent withheld by Lieutenant-Governor. Declared unconstitutional by Supreme Court of Canada. In the appeal by the Province from the Supreme Court's decision, the Privy Council refused to hear Alberta's argument by their counsel.
5. "Home Owners Security Act."—Disallowed by Dominion Government, Ottawa, June 15th, 1938.
6. "Security of Tax Act, 1938."—Disallowed by Dominion Government, Ottawa, June 15, 1938.
7. "Credit of Alberta Regulation Act (1937) Amendment."—Assent withheld by Lieutenant-Governor. Declared unconstitutional by Supreme Court of Canada. In the Appeal by

the Province from the Supreme Court's decision, the Privy Council refused to hear Alberta's argument by their counsel.

8. "The Alberta Bill of Rights."—1947—Declared ultra vires in part (Part 2) by the Supreme Court of Alberta; while the Privy Council of Great Britain held that Part 2 was not severable from Part 1, and therefore the whole act was ultra vires of the powers of the Province.

These acts have all been disallowed either by action of the Supreme Court of Canada, the Dominion Government or the Privy Council.

These earnest attempts by the Government of Alberta to implement the will of the people have therefore been nullified by the over-riding powers of constitutional orthodoxy and the Alberta Government cannot be blamed for that.

The truth is that democracy has been denied to the people of Alberta by the over-riding influence of FINANCE.

In the name of democracy, the people of the whole of Canada should demand that if the Federal Government exercises the power to prevent any province from looking after its own people just because the Federal Government does not agree with the method to be used, which may be **unorthodox**, then it should supply the funds without any strings attached so that the province can give the essential protection to its people by **orthodox** means.

The situation was summed up by Premier Manning of Alberta in concluding his address after presenting the Provincial budget March 3, 1949.

Quote:

"The Budget I have presented today calls for expenditures for social services, including education and health, amounting to approximately \$26,000,000. The fact that this Legislature now is called upon to appropriate for such services more than four times the amount considered excessive only fifteen years ago is not without significance. The ever-increasing demands on all governments for new and extended social and public services,

while fully justified within proper limits, are indicative of a current trend fraught with serious ultimate consequences.

"It is a barometer that registers the growing tendency of people to expect the State to assume responsibility for an ever-increasing number of things in which formerly they would have been quick to resent any suggestion of State interference. It is desirable and right that each citizen should share in the benefits of organized society but it is folly to assume that those benefits can best be obtained by requiring or permitting the State to assume responsibility for, **and thereby authority over,** matters which rightfully should remain the personal business and responsibility of individual citizens. This dangerous trend, fostered by Socialists and exploited by Communists, unless halted and reversed by the people themselves, will lead to an ever-increasing measure of bureaucratic State control and to the ultimate loss of all true personal freedom and individual enterprise.

"Equally serious are the trends evident today in the economic sphere. The artificial prosperity of the war years has been maintained in both Canada and the United States primarily by circumstances which are neither permanent nor economically sound. Prevailing prices and demand for agricultural and industrial products in both countries have been maintained by large scale Government expenditures for defence purposes and the shipment of vast quantities of goods to Europe under the European Recovery Plan. This program has preserved a reasonably high level of employment, and the purchasing power distributed in Canada and the United States in the production of armaments and other goods sent to Europe, has bolstered consumer demand for the products of other industries. But we must not lose sight of the fact that any substantial change in this set of temporary circumstances could quickly remove these artificial stimuli by which our postwar prosperity is being maintained.

"The cold hard fact is that aggregate consumer purchasing power in the United States and Canada is insufficient to sustain a high level of employment and production unless augmented by incomes derived from

expenditures for defence and the manufacture of goods given or sold on credit to other countries. Even with this stimulus the supply of consumer goods is beginning to surpass the financial resources of the consuming public. Already this is resulting in a measure of business recession and the spectre of unemployment is raising its head in the United States and some parts of Canada.

"But I suggest, Mr. Speaker, that this situation does not represent a problem impossible of solution. We in this country and this province are blessed with an abundance of natural resources. Industry, under a system of private enterprise, has demonstrated its ability to exceed the production of socialized states and produce sufficient goods to make possible a high standard of living for all our people. It only remains for us to make it possible for our people to obtain sufficient aggregate purchasing power to distribute equitably the entire output of our industrial system or its equivalent when our goods are exchanged for those of other countries. Certainly it is no less important to adequately finance consumption than it is to finance production. While this represents a departure from orthodox financial practice, its practical necessity cannot be denied.

Constitutional restrictions imposed on the Provinces by the British North America Act have prevented this Government from taking effective action in this matter in the provincial field. This does not, however, detract from our responsibility or our determination to continue to urge upon the Dominion Government the urgent necessity of effective steps to assure the full monetization of the entire output of Canadian industry and the use of the monetary fund thereby created to supplement the earned income of the Canadian people. Only thus can consumption be adequately financed and our Canadian economy established on a sound foundation, where it no longer will be dependent upon artificial stimuli provided by war or the threat of war to assure stable and permanent prosperity for all our people.

"In the light of these circumstances, the payment of national consumer dividends and the institution of the scientific compensated price discount, consistently advocated by this Government, is no longer a matter of

mere economic or monetary theory, but a practical necessity which cannot longer be ignored. There is a direct connection between these matters and the Budget of this or any other Province. Not only the social welfare and economic security of our people but the ability of Provincial Governments to obtain sufficient revenues to discharge properly their constitutional responsibilities is inseparably bound up with these **essential national monetary reforms.**" (End of quotation.)

No one can say, with TRUTH, that the provincial government has not tried to implement the policies of Social Credit.

ALBERTA FIGHTS THE MONEY MONOPOLY

One of the first actions* in the economic field taken by the Alberta Social Credit Government in order to encourage industrial activity within the Province was in connection with drilling for oil and gas. That was in 1935. Although desperately in need of revenue the government reduced its royalties in order to encourage drilling for oil and gas, because Mr. Aberhart realized that only by the development of industry and trade could the government hope to accomplish in the economic field, the results for which legislative action was designed to provide the incentive and encouragement.

As a result business men were made aware that the Social Credit government was prepared to give them a square deal because it really believed in individual enterprise and instead of looking upon the profits of business as something deserving of confiscation, it recognised that by co-operating with private enterprise the government would be able to assist the rapid and efficient development of the natural resources.

In order to encourage the development of business within the province the government instituted its Interim Program. This was introduced for the purpose of reviving and maintaining trade within the province where the people had produced in abundance but had very little purchasing power. It was a very important policy because it enabled the Social Credit government to circumvent the restrictive power of orthodox finance. This was done by increasing the number of its Treasury Branches.

A central Treasury Branch was within the rights of the Province and had always been maintained. Branches and Agencies were set up at strategic points throughout the province to act as savings banks and render other such services as are usually performed by branch banks. At that time the people of Alberta did not have much money to save, but in order to make use of the facilities offered by the Interim Program all they had to do was to make a deposit of one dollar, either in cash, or with a Transfer Voucher, and then they would be in a position to take advantage of the system of accounting and bookkeeping provided by the Treasury Branches, to enable them to exchange goods or services between themselves. Cash deposits only, were withdrawable in cash at par; but a separate accounting record allowed the exchange of goods etc., by transferable "credits" on the books of the treasury branches. Thus a farmer who had deposited \$1 in a treasury branch could deliver a pig or some potatoes to another person who either had a transfer voucher deposit or sufficient dollars on deposit to enable him to make payment. The payment would not be made in dollars however, but by a transfer of figures in the credit accounts. The farmer in turn would be able to buy other goods with his transfer voucher deposits from any person who had an account in any Provincial treasury branch. The means by which depositors authorized the transfer of figures, representing the price values of goods and services, from their accounts to other accounts, was by means of orders known as Non-negotiable Transfer Vouchers. The vouchers themselves are not negotiable from hand to hand, but did, and still do, effect the transference of any portion of a credit account directly from one depositor to another, without any charge. Each depositor's book had dual figure columns. One showing the cash deposits and one showing the amount of Transfer Voucher Deposits. It will be obvious to everybody that by such a method the use of national currency was greatly economized without introducing even a substitute.

That was the system of accounting to facilitate the exchange of the large amount of goods and services already in existence, which was embodied in the Interim Program.

The "Interim Program" was introduced in the Alberta Legislature by the Hon. Solon E. Low.

A Satisfactory Medium of Exchange

The urgent need of the province at that time was the development of the natural resources for a better balanced economy. If industrial production could be increased, it meant an increased payroll. And if that increased payroll could be directed towards securing further production—which it was—then still greater purchasing power would result, and there would be a better market for farm produce.

The purpose of the Government therefore was to husband the use of all demands on national currency to hold in reserve for possible demands from outside the province, and at the same time to expand the means of exchange within the province.

Some idea of the increase in circulating purchasing power gained by this method will be obtained by a glance at the figures showing the growth in business done by the Treasury Branches, in the following table.

Record of Growth	1938-43	As at Dec. 1951
Total Savings	\$ 2,618,217	\$ 16,852,030
Total Deposits	11,925,767	32,030,139
Total Turnover	176,055,638	566,000,000

This method involved no interference or change in the existing money system, but did provide an opportunity for enterprising business men to secure a market for their goods which, under the restricted policy of orthodox finance during the depression period, it would have been impossible for them to obtain. However the right to negotiate loans was severely restricted by the Federal Law which confines the privilege of the creation of financial credit to the chartered banks. Only a fraction of the amount permanently on deposit could therefore be safely used by the Treasury Branches for loaning purposes. Nevertheless, through the agency of these branches the government was able to effect a policy of encouragement to Alberta industry. Had these treasury branches possessed the powers and privileges of branch banks, their capacity to bring about a revival in business would have been increased by at least ten times.

A Modified Dividend

Of course the aim at that time was primarily to bring about a business revival in Alberta, which was as far as provincial jurisdiction extended. Through the agency of the Treasury Branch system the government was able to effect this policy of encouragement. To those people who entrusted their savings to the Treasury Branches and who dealt with store-keepers who did so, a bonus of 3% was allowed on all purchases, provided that "Alberta Made" or "Alberta Processed" goods comprised at least one third of the total purchases. This bonus was not payable in cash but took the form of an addition to the Transfer Voucher deposits and thus increased the purchasing power of the depositor to that extent. It was in fact, a modified dividend, while at the same time it reduced the cost of living.

This bonus did not discriminate against imported goods in any way as some have supposed. Provided the customer purchased at least one third of his total requirements in Alberta made goods, he received a bonus of 3% on his total purchases. All non-negotiable Transfer Vouchers, marked by the Treasury Branch at which a person had his account were accepted by the Provincial Government for taxes, license fees, royalties, rentals, timber dues, etc., in fact for any payments due the provincial government. Thus by inducement only, and without any compulsion, business activities were increased in Alberta.

Industrial development was encouraged by the better market outlook and industries within the province were especially helped by this policy.

This policy also provided the foundation for the development of other natural resources which was to take place later. Demand, which had been dormant, commenced to become active; and productive enterprise took up the challenge—which it has always been ready to do—to supply that demand. The result was greater business activity in many lines.

War-Time Financing

With the advent of war in 1939 and the drastic change from peacetime to war-time financing by the Federal Govern-

ment, the Alberta government policy of paying a bonus to purchasers of Alberta made goods, was thought to be no longer necessary to Alberta's welfare; and therefore in order to give undivided support to the national war effort, this phase of activity was dropped. **It should be noted however that the policy of financial expansion for war-time purposes adopted by the Federal Government was an example of the truth of the Social Credit contention that just as money can always be found for war—by the orthodox method of debt creation—so it should be possible to find money for peace time production by the correct method of credit creation.**

It will be apparent at once, what an opportunity for increased business this additional facility in the way of purchasing power offered to enterprising business men. The farmers, although "wallowing in wealth" shall I say, were suffering severely from what our banking friends would describe as financial embarrassment. That is, they had plenty of goods to exchange, but no money to pay their financial obligations.

Production Does NOT Breed Money.

It was not because the farmers were inefficient as producers however that they could not pay their debts. Many of them had harvested rich yields of grain the price of which was so low that even the out-of-pocket costs of production could not be recouped, without taking into account any of the work of the farmer and his family. Cattle were so low in price that in some cases farmers who shipped them by railroad to the markets either had to prepay the freight charges before the cattle were loaded, or else be prepared to make up any loss that might be incurred if the sale value of the stock when sold was not sufficient to pay the freight charges. Long lines of applicants for jobs and soup-kitchen relief were a familiar sight in the cities. Unable to obtain work in order to earn money to buy their food and pay their way, they were threatened with, or actually suffered, eviction from their homes—yet the need for work was apparent on every hand and the bumper crops were a drug on the market. Consequently any method which enabled the people to do business with someone else which resulted in their being able to obtain a

medium of exchange with which to pay their taxes etc., was a great help to them. As a result of the greatly increased circulating media a large potential business field was opened up that had previously been rendered a sterile desert by the devastating effects of an artificial famine of finance.

The REAL DEMAND that had always existed was turned into an EFFECTIVE DEMAND, and goods and services began to flow more freely between producers and customers. The true law of supply and demand which had been blocked by the restrictive policies of finance again became operative and comparative prosperity began to seep into the fibers of the economic life of the province.

The possession of an ample quantity of purchasing power does not necessarily spell inflation. Automatic and compensatory checks can be devised that will operate absolutely independently of any political influence. For instance the technique of operating the retail price discount advocated by social credit, will not only prevent inflation but it will actually bring down retail prices, even though the amount of money in circulation may be constant. In that way the purchasing power of every consumer will be increased, with a consequent further demand upon production.

On the other hand should marvellous inventions be made that would produce the goods now being made by hundreds of thousands of workers, thus throwing them out of employment, the dividend would steadily replace the wage and would be paid not as a dole but as a right.

When the Social Credit Government was first elected it faced a provincial debt of \$167 millions which had been accumulated by previous governments. The Treasury was empty, the salaries of Civil Servants could not be paid. Business was at its lowest ebb. Farmers, owing to the excessively low prices for their produce, had no money with which to pay their taxes. The Government was on the horns of a dilemma. It could not levy additional taxes with any hope of collecting them, neither did it wish to do so. Nor could it borrow because of the excessively low prices of the products derived from its natural resources, which were its only assets. As a former

Premier of the province had said: "The Credit of the Province is exhausted".

Yet in spite of all these evidences of a lack of purchasing power which the Alberta Government was trying desperately to find means to overcome, every legal and constitutional device has been enlisted to thwart their endeavours. Under the British North America Act which is regarded as the written constitution of Canada, all matters relating to Interest, Money and Banking are expressly mentioned as coming under Federal rather than Provincial jurisdiction, and up to the present, with the exception of certain ameliorative measures, the Social Credit Government of Alberta has only been able to attack the fringe of the embattlements of high finance by the introduction of the Provincial Treasury Branches system. These Treasury Branches have provided an acceptable and convenient means of exchange (Transfer vouchers) for a limited number of transactions of an orthodox nature, but they are forbidden to create financial credit, which is one of the chief functions of a bank, by every obstacle which law, constitution, usage and power can erect to prevent it. Therefore there has so far been no comprehensive implementation of the practical financial policies of Social Credit in Alberta. The only recourse left to Alberta has been to incline its policies as far as possible towards Social Credit principles, while at the same time keeping within the restrictions as defined and understood by orthodox constitutionalism.

Production at Too Low Prices Spells Bankruptcy

At that time there was plenty of material for building roads, but there was no money. Farmers who were unable to pay their taxes were therefore permitted to do work on the roads instead, provided they made use of "Prosperity Certificates" as far as possible. More will be said about these later. As up to that time a lot of the country roads were built and used mostly by farmers, this policy provided the groundwork for a measure of rural rehabilitation. This was also the time which saw the turning-point from horse traffic to motor traffic in the country, and the Provincial Government recognised that more and better highways were the need of the future. They discontinued the policy of letting out highway construction to

contractors, and instead of borrowing to pay for it, adopted a "pay-as-you-go" policy. Modern machinery was bought, and skilled men hired to run it, as economic conditions improved.

In spite of the opposition of the financial interests which tried to foreclose on farmers who were made bankrupt by the low prices, the Social Credit Government made arrangements which provided the people with a means to carry on their business and exchange their goods and services, encouraged the production and processing of Alberta-made goods, and revived the economy of the province. The wisdom of this policy has been proved by the fact that today these farmers have paid the debts on their farms and are now prosperous.

Prosperity Certificates

One method used was the issue of "Prosperity Certificates"—250,000 of them of \$1 denomination, of which now all but 20,000 have been redeemed. These were self-redeeming certificates issued by the Alberta Government, which circulated among the people. Every week a provincially-issued one-cent stamp had to be affixed. This provided an incentive to keep them circulating, thus speeding up the exchange of many goods and services that would otherwise have lain dormant. They had the effect of reviving trade between primary producers and dealers in articles of a secondary nature, and although not a new creation of financial credit, yet they were a highly educative influence, in that their use convinced the people that if the circulating media had become difficult to obtain because of its general scarcity, this state of affairs could be partially remedied by a substitute, even though this was subject to a measure of taxation.

Debt Reduction

Believing that the Government of the Province could not be master in its own house as long as it was tied by debt to the orthodox financial organizations, the Social Credit Government has made debt reduction one of its most important policies. By its refusal to borrow, by spending within its means, and by inaugurating policies for the development of industry in Alberta so as to promote a well-balanced economy, it succeeded in wiping off nearly \$20 millions of debt during its

first twelve years of office. The better prices which prevailed for Alberta goods during the war years was undoubtedly a factor which enabled the Government to finance its operations and at the same time reduce its debt. This can largely be traced to the financial policy which accompanies all wars, i.e. financial credits are created to purchase war requirements of both food and arms, and as this money gets into circulation a period of economic prosperity begins. But note the drawbacks of this policy. At the end of the war, when all the physical cost, the "blood, sweat and tears" has been paid, there is left on the people an enormous burden of debt, chiefly to the financial institutions which created the new money; secondly this wartime policy which increases the buying power of the community before the consumable goods come on the market, creates an unsatisfied demand which sends prices rising in inflation. The Social Credit policy of increasing buying power by giving a price discount, at the same time as the goods come on the market, would successfully prevent this inflationary tendency.

By reason of the fact that it understands the debt-building fallacies of the present system, and in addition has a knowledge of a "better way", the Social Credit Government of Alberta is able to avoid some of the pitfalls prepared so cunningly by the present debt-building system for the feet of the unwary. By careful administration, followed up by the carefully fostered development of a comprehensive industrial programme, the progress was continued. The providential discovery of the oilfields at Leduc in 1947, and at Redwater in 1948 gave added impetus to Alberta's strides towards the liquidation of the provincial debt with the aid of their revenues. But it must be noted that the Provincial debt had been reduced by \$40 millions before the discovery of the Leduc and Redwater oilfields. The policy of debt reduction had been carried on progressively ever since the Government came into office, slowly at first, but effecting steady reductions as the carefully planned policies of progress, with freedom, bore fruit. The debt has now been reduced to less than \$100 millions: when the present Government came into office in 1935 at the depth of the depression to find the treasury empty, the total debt stood at \$167 millions.

Since the time of the disallowance of the Alberta Bill of Rights in 1947, the Government has tried to apply Social Credit principles wherever it saw the possibility of doing so without coming into conflict with the claimed rights of orthodox financial control. The discovery of two major oilfields, which is directly attributable to the encouragement of private enterprise and a square deal being given for the risks of private capital, has placed the government in a position where it has already planned for paying off the province's bonded indebtedness entirely by 1973. Provision has also been made for outright payment before that time, if it is considered in the interests of the province to do so. Already the province has some \$100 millions in reserve for this purpose, consisting of readily marketable bonds and debentures at book value. Nor is the income from oil resources etc., lying idle: it is being used to encourage and aid self-liquidating projects in Alberta Municipalities at a very low rate of interest (2%).

Both Charges Cannot Be True

The Social Credit Government of the Province of Alberta has been assailed from two major fronts. There are those who say that the Government has attempted to violate existing laws and constitutional practice by its attempted policies, while on the other hand, there is criticism that the Social Credit Government has not even attempted to implement the mandate upon which it was elected. Both these criticisms can scarcely be true at once! The fact that ample provision was made in the British North America Act to give the Courts, the Federal Government and the Privy Council the right to check or prevent any provincial act of which they do not approve makes the first charge of little importance, while to show briefly how Alberta's prosperity is the result of a break with traditional financial methods, the following items may be cited:

1. The passing of the necessary protective legislation to save farmers and other productive home-owners from being turned off their land, or out of their homes; thus maintaining their productive services within the province.

2. The reduction of the interest rate payable on provincial bonds by half, from about 6% to about 3%, to bring it more into line with the lowered incomes throughout the province. (At the

time the Social Credit Government first came into power, farmers' income from the sale of wheat, for example, was down by 66%: wheat sold at 30-40 cents per bushel, whereas previously it had been at \$1.40. Interest payments absorbed over 50% of the provincial revenue, and as more money could only be obtained at the expense of primary and secondary industries already on the verge of bankruptcy, this cut was a matter of both equity and necessity. Finally, it was voluntarily accepted by 97% of the bondholders.)

3. Provision of a "free" medium of exchange—Transfer Vouchers—for those with deposits in the Treasury Branches, so that they could buy from one another and also from store-keepers without using national currency.

4. The development of Alberta industries by paying a bonus to the consumer if he purchased goods produced, processed or manufactured in Alberta.

5. Refraining from "borrowing" for public works, doing all work on a "pay-as-you-go" basis.

6. Setting up a Provincial Insurance branch, thereby preventing the drain of National Currency from the province to financial houses with offices in the East, thus maintaining reserves for external use and providing cheaper insurance for Alberta people.

7. Provision of "debt-free" land for returned veterans, thus adding the amount of their Federal gratuities to the total of orthodox financial reserves within the province.

8. Using the funds obtained from the sale of oil leases and oil royalties to pay off a portion of the provincial debt and refunding the remainder on such advantageous terms as to result in a saving to the province of \$24 millions.

9. Retaining other cash surpluses within the province, and loaning it for self-liquidating municipal projects at 2% interest, also providing the tax reductions for Municipalities to pass on to the people. In this way the province is making use of money, coming from an orthodox source, which will later be used to pay off the provincial debt when it is in the best interest of the people and the province. Meanwhile it can be used to reduce taxation and encourage the formation

of new enterprises in the province which will develop its resources without incurring new debt. This is a step towards the lower taxation and the greater production without incurring new debt, advocated by the Social Credit proposals.

Social Credit the Solution for Debt

Thus the Interim Program was the starting point from which the people of Alberta were enabled to lift themselves out of the depression. It was not Social Credit in the complete sense but it was as far as the province was allowed to go by the Federal Government. Had the Provincial Government been allowed the power, their policy would have defeated the depression in peace time, just as surely as the war-time financial policy of the Federal Government did a year or two later.

At some time in the future the Alberta Government may have the opportunity to inaugurate the financial proposals of Social Credit. As crisis succeeds crisis in this world's affairs, as a result of the failure of the present financial policy to reflect the real possibilities of production and consumption, there may be a change in the disposition of the Powers that be, so that the Government of Alberta will be allowed to put some of its proposals into effect. By using the limited funds which are at present at its disposal to advance the welfare of its people, and at the same time drawing itself out of debt in a world that is daily getting itself more deeply involved, Alberta may be able to instil confidence in its methods and be allowed greater latitude. It is essential that the majority of the people all over Canada who use their votes, should be imbued with confidence in the methods adopted by the Social Credit Government of Alberta before they will be persuaded to vote Social Credit in a Federal Election. It is the responsibility of the Government of Alberta to instil that confidence.

Society as a Whole

(b) Nationally—

Every true Canadian likes to think our Nation has something to contribute to the political and economic welfare of the other nations of the world, and also that our own government is concerned (firstly) with the welfare of its own people.

In giving consideration to how best to do this, we must refrain from going off at half-cock by laying down the unjustifiable premise that the results we desire would be much more easily accomplished if a world government were set up. To allow such a method of argument to be advanced by a small storekeeper or a small farmer with regard to his own business would be contrary to reason, because it would be the same as saying that the easiest way to solve a small problem is to enlarge it. If the individuals referred to were unsuccessful in a comparatively small sphere, and were to plead that if put in charge of a larger store or a larger farm they would be able to make a success, would invite ridicule. In using these parallel cases, the reader will observe that the argument is that the store or farm, and especially the farm, must be run successfully **as a farm** for the production of food and not necessarily to **make farming pay**, which is a different question entirely, because it is more dependent upon PRICE than it is on **production**.

In such circumstances, a farmer who could not make a success of a small farm from a production point of view would be a poor bet to put in charge of a large farm, producing along similar lines.

To face the problem nationally, it should be our aim to develop our natural resources so as to get results as near as possible in conformity with the wishes of the people as expressed by them.

The aim should be to impress the people with the fact that they are responsible for the many jobs of production, processing and distribution which the resources of the country are capable of supplying and these should be handled in the most economical manner, so as to provide on the most generous scale possible for the present population with proper consideration for the requirements of those who will come after us.

The responsibility of the Government is to see that the people are provided with a financial system and a policy followed that will enable the people to enjoy the full results of the production which their efforts have brought into being.

While it is essential that the issuing of financial credit and money must be a monopoly to ensure there will be no

duplication, or counterfeiting, it is equally essential that the financial policy must bring to the people all the benefits to which their productive efforts entitle them. In other words, plentiful production should imply plentiful consumption by those who produced the goods. The paradox of poverty in the midst of plenty should become a ridiculous impossibility.

The only meaning of **over-production** will then be that more goods are being produced than are required by the consumers, and instead of the term unemployment raising the frightful spectre of **no job, no pay, no living**; it will bring the realization that the job of production has been performed so well that a period of paid leisure can be enjoyed while the surplus is being used up.

The National Financial Policy of the Social Credit Association of Canada as presented in the official Manifesto is as follows, in part, quote:

Canadians are justified in expecting their monetary system to discharge the following functions: (vide "The National Manifesto" 1950)

- (1) To provide adequate credit facilities to industry to encourage the highest level of production desired by the people.
- (2) To maintain the volume of money in active circulation at the level which will make it possible for the people to buy, at a fair price, the goods they desire and that are for sale within the country.
- (3) To provide the Canadian Government with money free of debt, sufficient to meet any unforeseen deficiency of revenue, provided current production and consumption will justify.
- (4) To enable the Bank of Canada to issue money to be loaned to the Provincial and Municipal Governments at cost, for the purpose of developing the resources of the country; said loans to be repaid at the rate the asset depreciates.
- (5) To provide for the reduction and eventual liquidation of public debt.

- (6) To maintain the value of the dollar, internally, at a uniform level.

For removing the flaws in the Canadian Monetary System and to make it possible for the Canadian Monetary System to discharge its proper functions in the interests of the people, Social Creditors propose setting up a Monetary Commission responsible to the people through Parliament, to administer financial policy. The Commission's duties would be to maintain a scientific balance between purchasing power in the hands of the people and the wanted surplus goods and services available for sale. The amount of money and credits in existence would be scientifically regulated by the amount of the production of the people and their demands for goods and services.

The Monetary Commission would operate in conjunction with the Bank of Canada. It would establish a National accounting system using the Dominion Bureau of Statistics and other agencies to find out, at stated intervals, the net increase in Canada's REAL WEALTH, for which additional purchasing power might be created, debt free* and interest free. Such additional purchasing power would be distributed to all of the Canadian people in two ways.

- (1) Through discount or adjusted prices on wanted goods available for sale; and
- (2) Through a National Dividend, when further amounts need to be issued to maintain the balance, paid at regular intervals, beginning in the initial stages with the aged, the physically incapacitated, and other unemployables. (End of quotation.)

The policy enunciated above is designed to enable the people of Canada to obtain the greatest possible benefits from the generous natural resources and the glorious cultural heritage to which they have become heirs. The aim is also to encourage the greatest measure of individuality so that the dignity of each

*Debt Free money, means money created by action of the Bank of Canada at cost, without any interest charge and without the necessity of repayment. It will be added to incomes, on an equitable basis, so as to bring total purchasing power to the level of total market prices.

personality may be preserved and avoid as far as possible any tendency towards grouping and herding, which would tend to destroy the sanctity of family life.

Thus, no attempt will be made to direct the cream of our production into the export markets of the world in compliance with the "export or perish" fallacy. Rather the objective will be maximum production of everything of the finest grade possible in order to supply the demands of the home market which will be provided with sufficient purchasing power to buy it. Any surpluses we may have should be exchanged—on a basis of mutual satisfaction—for surpluses of other nations.

There will be no difficulty in finding a market for the imports because our consumers will already be provided with sufficient purchasing power to buy our total production and therefore imports will merely take the place of the surplus production which is exported in exchange for the imports. In every case, consumer demand would indicate what goods should be exported and also what should be imported to take their place.

If, in their newly found prosperity the people desired to be generous to others less fortunate, gifts could be made of whatever could be spared and offered where it was most needed without incurring any debt against the Canadian people and without piling up any debt, save that of good will and gratitude, from the beneficiaries of our bounty.

By following such a policy, the Federal Government could build up an immense amount of good-will throughout the whole world among people who benefitted by it. Those who opposed it for selfish reasons would not be able to get much popular support as there would be no attempt at an aggressive policy. Nothing in the way of economic infiltration would be attempted as there would be absolutely no incentive for such a policy on the part of a national government whose people were not dependent on export markets to supply them with the purchasing power necessary to buy back their own production.

That Government Is Best Which Governs Least

In order to gain the full co-operation of all the provinces

the same principle must be in vogue as that which obtains in local government, whereby the wishes and welfare of the individual receives fuller consideration. It cannot be too strongly emphasized that for the central government to adopt coercive measures in order to make provinces conform to a common pattern even though there may be a wide divergence in their climate, geographical location and primary industries, is a strong indication of support for dictatorship methods and the plea for a strong centralized government with overriding powers bears the concept of dictatorship rather than democracy.

The provincial governments of the Dominion of Canada provide splendid examples of where different sections of the country are trying to frame policies in accordance with the wishes of their populations and with the natural requirements imposed by their environment.

Were extreme coercive measures adopted by the central government towards the provinces the result would be more disruption and less national unity, just as would be brought about in a lesser degree if local governments undertook to coerce all individuals and tried to compel them to conform to a common pattern.

The argument might be concluded by saying that if nature had intended us all to be alike, we would have been born in but two shapes and with similar likes and dislikes. Think what a paradise for the planners this world would be if every adult individual was of the same size and weight. A centralized planner could then order tailors and cutters to design and make suits that would be sure to fit, and best of all—from the planners point of view—it could be done very efficiently by **giving rigid orders and without very much thought** or consideration for the individual citizen.

The most noticeable effect of a Social Credit policy upon society as a whole in a National sense, would be additional self-respect as each citizen would be more firmly established as master in his own house, while each nation would maintain its National Sovereignty.

Instead of having to take orders from a centralized monetary authority whose greatest concern is undoubtedly provi-

sion for its own **power**, each nation could provide to the greatest possible degree, as determined by its resources, for the welfare of its own citizens.

By removing the possibility of financial coercion each nation would develop along natural lines instead of trying to force unnatural production for the sake of the almighty dollar—or as it might be better expressed—for the love of money.

An Economic Fallacy

With the attainment of true national dignity by every nation, more respect would be shown for the preferences of others because none would need to depend for their own prosperity upon their ability to "blast" or otherwise force their production upon other nations in order to get a favourable balance of trade. A "favourable balance of trade" is really a misnomer because it means, in effect, to ship out more wealth than is received in exchange.

The arguments brought forward by those who believe in this orthodox fallacy are based on the presumption that money is "wealth" in the international field just as it is within the borders of each nationality. The facts are otherwise. Exports of goods or services from any nation can only be paid for, if they are to be paid for at all—by imports. If they are not so paid for, either immediately or in the future, then the goods exported were in the nature of a gift and did not add to the material wealth of the exporting nation.

The practice of the methods necessary for obtaining foreign markets led to an economic warfare which brought about low wages to the producers in the exporting country in order to under-sell its competitors, and the erection of tariff barriers by those countries which wished to shut out cheap imports in order to maintain the higher wage levels within their own economy.

No Social Credit economy would have to depend upon "foreign money" to provide adequate purchasing power to buy its own production, because it would issue sufficient of its own. So nationally speaking, each nation would be free to formulate its economic policies for the best interests of its own

people without being subjected to economic pressure from others who had been granted trading advantages by International Finance, through the Bretton Woods Agreements etc.

Society as a Whole

(c) Internationally

It would probably be true to say that the great majority of mankind desire international peace. It is equally true that throughout the whole course of history it is only at short and rare intervals that such a desirable condition has prevailed. This in itself is sufficient proof that governments do not bring to the people the results they (the people) desire.

However, aside from conducting an actual military war there is a state of economic warfare being continually carried on by the nations of the world which is simply the outworking of a financial system that is not representative of the real facts.

As Maurice Colbourne, author of "The Meaning of Social Credit", has remarked, under the present financial set-up "Peace means economic war, and war means economic peace."

Few will deny the truth of this statement when in looking back to the few brief years of military peace which this generation has known, they recall the hard fight to get a job in the first place and if they were successful in that, to make the purchasing power of their wages sufficient to enable them to enjoy life—and living. Not, be it noted, because of a scarcity of raw materials or lack of REAL demand; but because in spite of a plentitude of both, most people had insufficient purchasing power to buy what they needed from the large stock of goods already manufactured.

The most developed nations of the world both from the point of view of industry as well as the production of raw materials, were also in a jam because they all required markets for their goods.

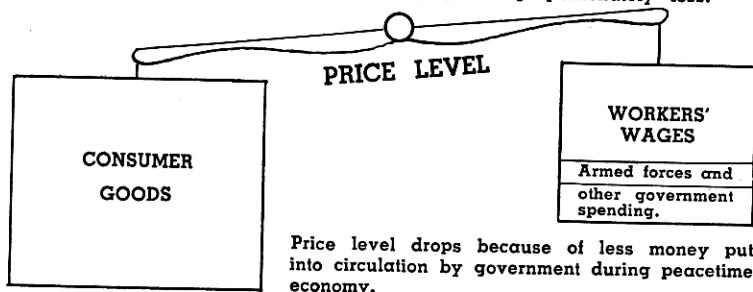
They were forced into this position because their own people lacked sufficient purchasing power to buy back their own production or its equivalent in imports and therefore each and every nation having exports to get rid of became trade

rivals in the markets of the world and any method was used that would enable anyone of them to obtain an advantage over a competitor, oft times causing a rift in friendly relations.

Thus it could be said even in peace time that a continuous state of economic war prevailed among the people competing for jobs and nations competing for markets.

Less purchasing power but more goods which causes either the price of goods to go down or else leaves an unbuyable surplus of goods on the market.

N.B. This surplus of goods can be bought by consumers "buying on time," which will make their future purchasing power proportionately less.



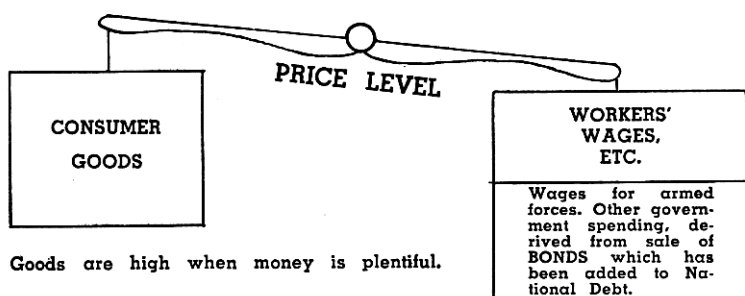
Hot War the Remedy for Depression?

When military war was declared in 1939, a startling change took place in economic conditions. The demand for manpower rose overnight. Men were wanted for the armed forces and more men were required for the making of war supplies. As each man was taken, either from the ranks of the unemployed or from his previous position in the commercial world, he was put on the Government pay roll and a large amount of additional purchasing power flowed into the stream of national income, while at the same time, the production of civilian goods was slowed down. This created an immediate demand upon the stocks of available consumer goods in the retail stores and as these were swiftly depleted, fresh orders were sent to the manufacturers through the wholesalers and the demand for fresh supplies soon absorbed the available unemployed man-power. A call began to go out for women to volunteer their help on the production front.

The purchasing power in the hands of the people was then coming from two sources instead of one. In a comparatively short time, the available purchasing power was demanding

the goods as soon as they came into the market and for a time economic peace prevailed, broken only by strikes for higher pay by those in the ranks of the producers—and threats of buyers strikes by the consumers. These outbursts of course were both manifestations of the same disease—a loss of the buying power of the dollar, in other words—inflation.

Price level is forced up by issues of large amounts of purchasing power during war economy.



To judge from the large amount of war-time savings being used to purchase consumers goods since the war ended, it is very evident that insufficient purchasing power is distributed during peace time in the form of wages, salaries and dividends to purchase the goods offered for sale during the same period.

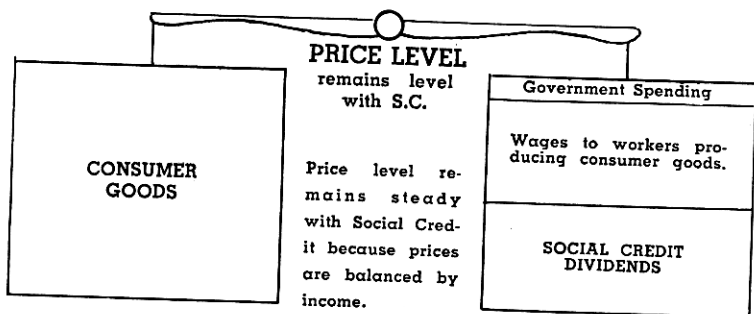
If any additional proof of this fact was needed, it is provided by the evidence that soon after the termination of the second World War, a continuous round of demands for increased wages by men engaged in processing and productive work has necessitated a raise in the price of goods that is rapidly absorbing the reserves which had been accumulated during the war period when rationing of goods and unspent wages were enabling a back-log of savings to be built up.

Thus, although employment is still at a high level and as a consequence wages are contributing their maximum towards purchasing power the fault inherent in the system is manifesting itself by compelling buyers to draw on their savings in addition to their earnings—or purchase on the instalment plan—in order to pay the high prices demanded for goods and services.

Until Major Douglas threw the search-light of the principle of Social Credit on the recurring cycles of depression and war, these phenomena were regarded as inevitable and caused by the so-called inexorable economic law. However Douglas has shown that such happenings are the RESULT of orthodox financial POLICY and can be prevented by substituting a different and UN-orthodox financial policy in its place.

In the light of his analysis, the so-called "dismal science" of economics has taken on a new lustre, caused no doubt by the reflected light of reason; and many people have been attracted to its study because of the hope inspired by the revelation that there is a workable policy that will allow PROSPERITY AND PEACE to be enjoyed at one and the same time.

The dividends to consumer will be sufficient to balance any lack of purchasing power provided the production of goods and services is maintained.



It can easily be seen that if a shortage of purchasing power to buy consumable civilian goods can be overcome in war-time **by paying wages to non-producers** then an identical remedy is at hand in peace time in the form of the National dividend and will be quite as effective.

This policy **alone** would not be sufficient to correct all the trouble. During war-time, billions of dollars worth of bonds are issued and these become a debt against production and as the payment of interest on this debt gradually depletes the savings of the people, the bonds are progressively relinquished into the hands of financial corporations who become the

principle holders, and consumer purchasing power gets less and less. Therefore, the Social Credit policy advocates that a peace time National dividend shall be financed out of the public credit account to the extent that the retail prices of consumable goods exceeds the total income of the people. This National dividend will not be charged as a debt against the people, but will be a financial credit issued to balance a credit represented by goods.

Thus, the necessity for expanding foreign markets under the false philosophy of Export or Perish, while our own people are not getting sufficient to use, will stop, and one of the causes of unnecessary poverty within, and the threat of international wars without, will cease to afflict the nations.

Genuine international trade will be stimulated and for the first time in history there will be something like Free Trade. With a Social Credit policy in effect, international trade will assume its rightful function whereby the excess production of each country will be available to exchange for the excess production of another. There will be no need to stimulate exports in order to obtain a so-called "favourable balance of Trade." Such a description can only have meaning where the exports are paid for in money that can be freely converted into required goods at any time at a constant price level, and present day international trade is practically never done on that basis. Nowadays, each nation seeks to buy from those who buy from them, and any credit or debit is balanced by an increase or decrease in export trade the following year. The financial aspect of the matter mostly resolves itself into bookkeeping accounts showing the respective standing of each nation.

The efforts to have an international bank to provide the necessary money or a uniform rate of exchange have proved to be more of an impediment than a help. The recent partial failure to make a satisfactory deal between Canada and Great Britain was described by Mr. Jas. G. Gardiner, Canada's Minister of Agriculture, as follows:

Quote:

"There are no dollars available in the United Kingdom with which to purchase Canadian apples." . . .

"There are no dollars available with which to purchase Canadian fish. No plan has been evolved by which we can trade our fish for your tin-plate. But I understand the United Kingdom can trade tin-plate to Russia to provide cans in which to pack fish." "No plan has been evolved by which we can trade our apples and berries for cars and steel products". . . .

". . . I learn . . . that our salmon, apple and berry producers are greatly concerned . . . that the products we have to sell are being traded for with others at terms on a higher level of cost than Canada would be prepared to sell or trade them."

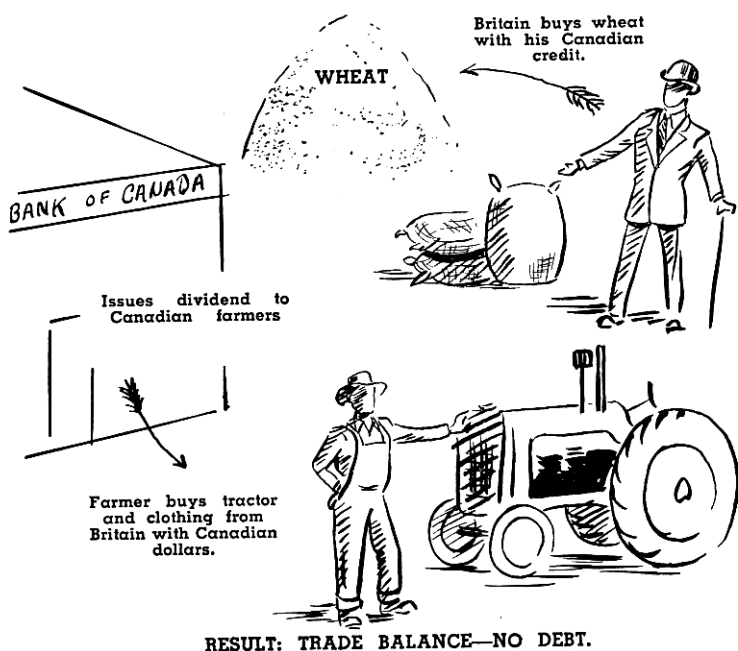
"All of our discussions on food bulk contracts were proceeding satisfactorily **until difficulties arose in adjusting the relationship between dollars and sterling.**" "We were just beginning to think that at last our common sorrows growing out of war were going to result in lasting joy when the root of all evil, "money", entered."

"I am convinced that the world is not in any state of mind where it can be expected to agree that the manipulation of any system or systems of currency is going to be allowed to interfere with getting surplus food to those who have empty stomachs." Unquote.

It must be emphasized that there is a solution for this state of affairs through a Social Credit policy, and it will be done without the "manipulation of any system of currency." In view of the fact that the exporter of Canadian goods would receive monetization of his own produce in Canadian money, he would have the purchasing power to buy imports from Britain. By supplying goods suited to Canadian requirements, Britain would be able to obtain Canadian dollars with which to buy Canadian wheat. This would rectify the present disproportion whereby Britain already buys a preponderance of goods from Canada and only refrains from buying more because she lacks CANADIAN DOLLARS.

Thus international trade would be facilitated by a Social Credit policy instead of impeded by the policy of Bretton Woods and the International Bank. By maintaining her sovereignty in financial matters, Canada will be more free to trade with other nations than by surrendering to the domination of the "One World" planners, alias International Financiers who have been more successful in promoting World Wars than World Trade.

The policy of Social Credit is beautifully calculated to enable free and increased International Trade because it will leave each nation free to follow a policy most suitable



to the needs of its own people; and without impoverishing themselves, to contribute their surpluses to the common pool from which they may withdraw by an exchange of goods or services so as to raise their own standard of living and enjoy the variegated benefits of world-wide production.

Independence and freedom would not be interfered with, rather would it be enhanced and a policy of inducement would

take the place of the pressure and coercion with which the power of finance has always attempted to besmirch and prostitute the essential freedom of the democratic way of life. The philosophy of Social Credit is the only one that fits smoothly into policies which will help to restore that freedom.



Conclusion

(a) Economic

The desperate expedients to which those who believe in centralized capitalism have been forced in their efforts to survive the handicaps imposed by FINANCIAL MONOPOLY is proof that finance does not reflect the real facts of National Wealth.

For instance, when retail sales begin to decrease even though the stores are full of goods while at the same time there is evidence of real need as shown by the clothing and habits of the general populace, it is customary, under the present set-up of capitalism, to reduce wages and lay off as many employees as possible, in order to cut down expenses.

Afford a Ford

Although every reasonable individual knows such methods only aggravate the disease yet it has been persisted in with a tenacity that is remarkable. The notable exception among industrialists was Henry Ford, who startled the business world a few years ago by increasing the wages of his employees—so that they would have more purchasing power to buy MORE Ford Cars—when the first signs of an economic depression was threatening.

Of course, it was impossible for one industrialist to stem the tide, because his business was subject to the effects of a nation-wide or near world-wide financial policy beside which Ford's business was only another puppet compelled to dance to the universal financial tune.

In the realm of International Trade the slogan "Export or Perish," means that Real Wealth (the actual goods) must be gotten rid of, at any price, in order to have a favourable financial balance. As long as the present financial policy continues to pay tribute to a pseudo gold standard, which it undoubtedly does, it will not take much stretching of the imagination to envision the productive system of this Earth as a whole, pouring forth a mighty stream of goods to a neighbouring

Planet, (if there is such a one populated with people who have need for our goods, and with unlimited quantities of gold-dust to exchange for our Real Wealth.) It is quite plain that the ultimate result of such a procedure would be to leave this earth impoverished, even though possessed of a huge pile of gold.

It is not to be supposed that such a course would be followed to the conclusion envisioned, but the imbecility of the foreseeable result should be sufficient to prevent our continuance on such a course.

There is one thing worse than being blind. That is to have two good eyes and yet not be able to see. Many people are in this state. Although possessed of good physical eyesight, yet their understanding does not comprehend the significance of what they see. They are able to behold the mighty engineering accomplishments which have enabled mankind to greatly increase production and at the same time to escape from the necessity of continuous and arduous toil. Yet in spite of seeing these things, they cannot envision the eventual emancipation of mankind from exhausting labor, nor picture to themselves the possibility of so arranging matters that the new productive capacity can provide an abundance for all.

Technocracy

Those who are familiar with technological progress now know that the modern civilized world has a productive capacity derived from power-driven machinery that far exceeds the utmost possibilities of total human labor of 50 years ago.

Undoubtedly therefore, as power production develops, human labor will gradually be displaced. This should be regarded as a blessing, not a misfortune. Looked at in the proper light it is the dawning of a NEW AGE wherein the burden of labor is lifted from the backs of men and transferred to the machine.

In order to keep pace with the production of new machine-made wealth, new financial credit should be produced by the Bank of Canada, and the new money distributed in an equitable manner that will convey directly to every consumer the

benefits which industrial and agricultural progress are capable of producing.

Thus, each extra pound of food or yard of goods that is produced with less human effort than was required to produce the lesser quantity that existed before, should result in additional purchasing power being placed proportionately into the hands of every individual, so as to enable the extra production to be bought and used.

In this manner, industrial progress would be registered directly by monetization and the pay envelope would be increased as production increased. Instead of the State making deductions from an already insufficient pay envelope to provide for so-called State benefits, which is the Socialist method, the pay envelope would be increased by the Social Credit method with every increase made in total production.

The argument that taxation deductions will enable the State to provide national services "free" is only a plausible fallacy and merely a bait for the trap to entice unsuspecting citizens to submit to steel shackles enclosed in a velvet covering so that individual rights will be surrendered until it is too late to protest.

There is no similarity in the policies advocated by socialism and those of Social Credit. The C.C.F. in common with socialists in all parts of the world does not believe there is a deficiency of purchasing power. As a result of this, they only want to **redistribute existing purchasing power** with such schemes as unemployment insurance and other Government controls. In direct contrast to this, Social Creditors would issue new money, debt and interest free, as a dividend to balance the power of consumption with that of production.

Mankind is essentially the CONSUMER. Under man's direction, machines can produce; but the end sought is to provide goods for humanity to use and enjoy. Adam Smith wrote years ago: "The sole aim of production is consumption." This statement has never been challenged. Viewed in this light, the consumer is the most important individual in our economic system. Without him, the producer would not be required.

Effective Consumers Essential

We should follow nature's law in these matters which teaches us that consumption **precedes** production and is the more important because it provides the initiative for production. For instance in the plant world, the seed is consumed before the increased harvest is possible. In the power field, using the steam or gas engine as an example, fuel and water are consumed before power is produced. The same is true with regard to Human Life. The child must be nurtured and educated for many years before becoming qualified to be a producer. To carry the idea to its logical conclusion, if we ever see the day when all labor and work can be done by electrical power and control, then the only excuse for the existence of humans (aside from their cultural and spiritual attainments) will be their inventive genius and their power of **Consumption** so as to provide a market for the ever increasing supply of goods and services, which the mechanical agencies of man's invention will be pouring out in ever-increasing quantities.

The **consumer** will then be recognized, (quite apart from his ability to produce and earn wages) as the most important factor in our economic system, because although the machine does practically everything required to produce the goods, a human being is required to consume or use them.

This stage has already been reached in reality; but war and sabotage which is generated by the present financial policy, hides this fact from those who only gaze upon the surface and are unable to comprehend the deeper implications.

If production is to be designed for the benefit of the consumer as it should be, then it is quite plain that only by having production in the hands of a free-enterprise system where individual initiative will be spurred at all times to supply the wants of the customer, can such a result be obtained. By no stretch of the imagination could one envision a Government-controlled-and-planned productive system going one single inch out of its way to cater to an unforeseen individual want. The very essence of centrally planned production is standardization, which, while it may have its enticing aspects, is not adaptable to catering to different individual tastes and desires.

It is a self-evident fact then, that a free enterprise policy of production is necessary for the welfare of the consumer. Let us see how it can provide for the producer also.

Maintain Producer Initiative

The producer has goods to sell. If the consumer has the money with which to buy and is allowed any freedom in the matter, he will first buy those things which he desires most. The producer who is willing to provide the consumer with what he wants, will be the one who gets the business.

If, as production increases, every increase is monetized and this new money distributed equitably to all consumers, the demand on production will continue and grow until one of two things happens. Either the consumers will be getting all they want—or the producers will be producing to the limit and cannot produce any more.

In view of what we know about our productive possibilities, either one of these results is a fairly satisfactory end to look forward to.

Therefore, individual enterprise operating within a Social Credit economy will give more economic security than state owned enterprise. Free enterprise, as it relates to production, processing and distribution, has not done this in the past because the monopoly of finance has over-riding powers which can nullify its best efforts. The power of financial **monopoly must be removed** to allow free enterprise to flourish and make all people rich in proportion as they develop and use their natural resources. Then, as people become rich by producing more real wealth, the monetization of this real wealth will be accomplished and as a result, National Dividends can be paid to the consumers while Retail Price Reductions also, will give additional purchasing power to their present income or wages, and at the same time, prevent inflation.

Our experience in the thirties when the consumers could gaze into the store windows and see them full of goods but not have any money with which to buy, while producers were sabotaged and bankrupt by ruinously low prices, the destruction of goods and even the selling out of homes and

farms by forced sale because production "did not pay" a sufficient recompense to enable taxes to be paid, shows what can happen **while finance is boss.**

The power of monopoly finance will not be overcome by the nationalization of industries. This is the dream of the socialists and impractical people who think that one monopoly will be cancelled out by instituting another. They are mistaken in this. Experience proves that the effect of the monopoly of finance has been to cause private enterprise units to merge and consolidate into combines in order to get better terms from the financial monopoly. Thus, the financial monopoly forces the formation of other monopolies by the law of self-preservation.

This is gradually destroying what remains of individual private enterprises because of the disadvantage they are at in obtaining financial accommodation by comparison with large corporations and combines. It is NOT necessarily because they are not so efficient in production.

Interlocking directorates have been engineered whereby the directorship of banks and large corporations are held by the same individuals and by obtaining working capital on easier terms, the already large corporations are able to squeeze the smaller ones, who offer competition, out of existence. As it is a well proven axiom that "All power tends to corrupt and absolute power corrupts absolutely," it is just plain foolishness to expect individuals who have felt the lust of power, to relinquish it willingly. It is equally foolish to expect that the directors and supervisors entrusted with the great power of nationalized industries (monopolies), who will draw the financial credits they need from a nationally owned bank—another monopoly—and therefore not under the necessity of making the project pay its own way, will not succumb to the power-lust the same as have the managers and directors of combines and cartels etc. (See page 28.)

State owned and operated industries will become even more of a "vested interest" than Big Business is at present; and the officials who run them will be more tyrannical because they will have the backing of government.

The remedy is not to build up greater monopolies, but to decentralize those we already have, by the Social Credit process of distributing a Dividend and reducing Retail prices and thus benefit all the people.

A REMEDY FOR INFLATION AND DEFLATION

There is a large number of people who have been led to believe that in a time of comparative prosperity when money is fairly plentiful and most people are working, Social Credit has nothing to offer—they imagine in fact that the benefits of Social Credit are only to be felt in a depression when goods are very plentiful, unemployment is general, and money is scarce.

Nothing could be further from the truth. Although people are generally much better off than they were during the depression, yet there is nearly as much dissatisfaction expressed because of the high cost of living as there used to be about unemployment and lack of money.

The remedies proposed by Social Credit would deal effectively with the problem whichever set of conditions prevailed because it would provide against any lack of purchasing power when goods were plentiful, and it would give greater purchasing power to the dollar by the "price discount", when high wages and high prices were prevailing.

The question is frequently asked, can prices be effectively controlled by a Social Credit policy, or on the other hand, does Social Credit encourage the making of large profits because it believes in individual enterprise? The answer to the first question is Yes!—and the answer to the second is No!

The implementation of Social Credit policies will provide a satisfactory solution to both problems.

Although Social Creditors believe in individual enterprise, this does not mean that they are in favour of large profits nor of big business concerns having the "freedom" to exploit the "little man" or small independent business.

It must be distinctly understood that the "individual enterprise" which Social Credit believes in, is something quite

different from that which has been known as private or free enterprise in the past.

This is the key or "\$64" question, and a correct answer to it will show that Social Credit is alone in defending the rights of the individual as is understood in a democracy. Big business, combines, cartels, orthodox central banks, State controlled co-operatives, Government control of Key Industries and every form of Centralized organization down to outright Communism **are on one side.**—**Social Credit and all genuine co-operatives** are on the other.

Social Credit has a policy that will **distribute the products of big business** at a price the consumer can afford to pay, even though the business itself remains under private control.

Let us take a few moments and analyse the way in which many businesses, that later on developed into monopolies, had their start.

We will deal with a business-man, typical of many, who we will call Mr. Superman.

Mr. Superman, of the SUPER UNIVERSAL CHAIN STORES AND MANUFACTURING COMPANY, had been a small store-keeper at one time; but he had unlimited perseverance together with an insatiable ambition. Being possessed of a genius for organisation and efficiency, he made contracts with manufacturing concerns, installed his own trucking service and in time was able to undersell most of his competitors, whom he bought out on his own terms; and thus established a virtual monopoly in his line of business, the tentacles of which stretched across a continent.

Having obtained a commanding position, he was able to charge such prices that returned sufficient profits to provide him with ample funds, which meant POWER.

He always kept his word and paid his debts, gave large sums to benevolent organisations and encouraged union labour; and also welcomed his employees to invest some money in the business and share in the profits.

Now enters Social Credit.

In making a national inventory of production, the stock of the "Super Universal Chain-Store Manufacturing, Distributing and Sales Corporation", entered largely. It was a big concern. The quality of its merchandise was fair, its services were good and its salesmanship was superb. Its profits, while reasonable per unit, were also considerable in the aggregate.

But in common with all such concerns, the amount of money distributed every week or month in the form of wages to its employees, or periodically in dividends to its directors and shareholders, was always less in total—even though profits were included in these items—than the total prices of all the retail goods it had for sale.

However, Mr. Superman was not to blame for this. He had to accept the financial system as it is; and he had to keep his credit good with the bank. Consequently he applied his book surpluses to maintenance, renovation and improvement charges.

Mr. Superman explained that he needed to have a large fund on hand to provide for emergencies like unexpected business recessions, or to increase operations at a moment's notice when conditions were favourable; **and at all times to plow back into the business enough to maintain its efficiency.** It should be borne in mind that his business was at one and the same time his living, his hobby, his religion and his child.

The Social Credit government admitted these points were all reasonable. They did not wish to impair Mr. Superman's business efficiency by requiring him to fill in numerous forms. They did not wish to tax him out existence so as to take over his business which he was running very efficiently. Besides it was not necessary for the welfare of society.

Social Credit would hand on the benefits arising from Mr. Superman's business efficiency by creating sufficient additional financial credit to equal not only the unspent profits of the business, but, also sufficient NEW CREDIT to balance the difference between the amount distributed by the business in the form of wages etc., and the amount represented by the surplus goods for which the public had no cash purchasing power.

This would be handed on the public in the form of dividends and lower retail prices. With this addition to their present income the people of the country would then be able to buy up all the goods offered by the different businesses in the country without "buying on time" and thus going into debt.

Mr. Superman and the lesser supermen of other businesses would at the same time be able to plow back all their profits, which they did not want to spend for their own personal satisfaction, into their own businesses so as to increase efficiency and sales.

Every improvement they made which resulted in greater efficiency would also result in more dividends being created and shared among the consumers of the country, and thus Social Credit would transform all privately owned corporations—without changing ownership, or interfering with their management in the slightest degree—into a multiple mechanism to perform the same function as a universal co-operative, without the need of changing ownership and without the risk of putting in less efficient managers than those installed by Mr. Superman, who had grown up with the business and knew their jobs from the bottom up.

Social Credit Completes the Co-operative Cycle

Thus the efficiency of individual or corporation enterprise would mean increased dividends and/or **lower prices for all consumers.**

For the government to tax away these profits from Mr. Superman for public works projects would only give **more work**—not cheaper or more plentiful goods.

The Social Credit method of giving retail price reductions whenever more efficient production enabled this to be done, together with a Dividend whenever greater production justified it, would enable all the consumers to have sufficient purchasing power to buy up all the goods produced.

By regulating the policy of finance, **Social Credit can distribute to the whole nation the benefits of individual enterprise,** just as co-operatives distribute the benefits or "savings" of co-operative enterprise, to their patrons.

In this way, **without making any change in ownership,** all the people in the country would be able **to enjoy the benefits**

of genuine and complete co-operation. In fact, we would have NATIONAL CO-OPERATION.

The efficient results of Big Business will, under a Social Credit policy, help to form the basis of the National Dividend—the more efficient the production methods, the greater will be the dividend, also the greater the **reduction in prices** of retail goods.

But never forget, before that dividend can be paid, your government must have the power to order the financial authorities to create the financial credit to pay it.

The Alberta Government has never had this power and the Federal Government has refused to allow it. Therefore, in Canada, the people must send enough Social Creditors to the central government at Ottawa, in addition to winning Provincial elections, to inaugurate the social credit policy of a dividend.

Increased efficiency in the methods of Big Business justifies the action of reducing prices or distributing dividends to all consumers; and as these dividends are being constantly paid out by the policy of Social Credit, the restriction of capital into a few private hands is prevented, and becomes, instead, an addition to the individual purchasing power of every consumer.

The idealistic dream of "production for use", will be realized by the Social Credit method of distributing the buying power, instead of expropriating private businesses and forming State-owned Monopolies as the Socialists would do.

There would be no necessity for trust-busting laws, nor for directives given to control investments by an army of inspectors such as a Socialist policy would necessitate.

The consuming public would swiftly and inevitably gain control of the **production policy** of Big Business through the agency of sufficient purchasing power. They would be able to dictate the "policy" of production i.e. WHAT SHOULD BE PRODUCED, simply by being in possession of sufficient purchasing power to make an EFFECTIVE DEMAND for the articles they desired most. At the same time the business man would retain

ownership of his business and run it in accordance with the law of supply and demand, which, for the first time would really reflect the desires of consumers to consume; and the ability of producers to produce.

It is because of their de-centralization policy that Social Credit is hated by every grade of opposition from centralized capital **ism** to Commun **ism**—because they all stand for **Centralization of Control**, while Social Credit stands alone for **De-centralization**; which means freedom and a high standard of living for the common people.

This will not detract from the efficiency and effectiveness of Big Business productive methods; but will take away their power to exploit the people.

Social Credit will at one and the same time keep the profits of Big Business within reasonable limits; but increase their turnover by giving additional purchasing power to their customers.

In other words the profits of big business, plus all additions to consumable wealth will be transformed, through the Financial Policy exercised by Social Credit, into dividends and price reductions for all consumers. Social Credit therefore, offers no threat to the stability of efficient big business. It will simply take away its power to exploit the people. Social Credit is a consumers' philosophy and as we are all consumers, it is the essence of democracy.

Now let us take a look to see how the Social Credit policy of a reduction in retail prices will effect the small retail store, owned by an individual.

TECHNICAL PRICE DISCOUNT

The retail store-keeper will be the key man because he will be the agent who will hand on the price reduction to the consumers. This automatic price reduction will increase the purchasing power of all consumers' incomes and they will get the increase at the TIME they need it, i.e. when they spend their money.

The amount of the price discount will be determined by the statistics which show the excess of Canada's total pro-

duction over and above her total consumption. This excess production clearly should be regarded as an asset of the people who helped to create it, and therefore should be shown as an addition and be added to the National Credit account. It should then be made available for distribution.

A portion of it may be distributed in the following manner:

The government could notify everybody over the radio that all retail store-keepers who wish to co-operate in reducing the cost of living to their customers may **immediately** reduce the total price of each bill of consumable goods by the amount stipulated. For purposes of illustration we will call this 20%. No price change will be marked on any article.

The store-keeper will make out the sales slip in triplicate. He gives one to the customer, keeps one for himself and sends one to the bank. Immediately the bank receives it, they will credit the retailers account with the amount of the discount he gave to the customer; and the bank will be reimbursed by the Bank of Canada from the National Credit Account.

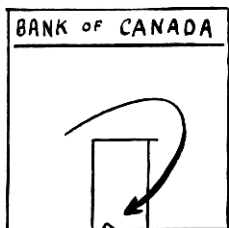
Suppose the customer's bill comes to \$5.00. The 20% discount will be taken off and the customer only pays \$4.00. This will give him one dollar out of every five to pay rent or build a home of his own, or any other purpose he desires. The bank will credit the retailer's account with five dollars although he only sent four in cash, and the other one represented by the discount he gave the customer, is made up by the Bank of Canada from the National Credit account.

Thus, although everybody has more purchasing power there is no "inflation" because prices are **kept down**. (See pages 29 to 43.)

No Compulsion

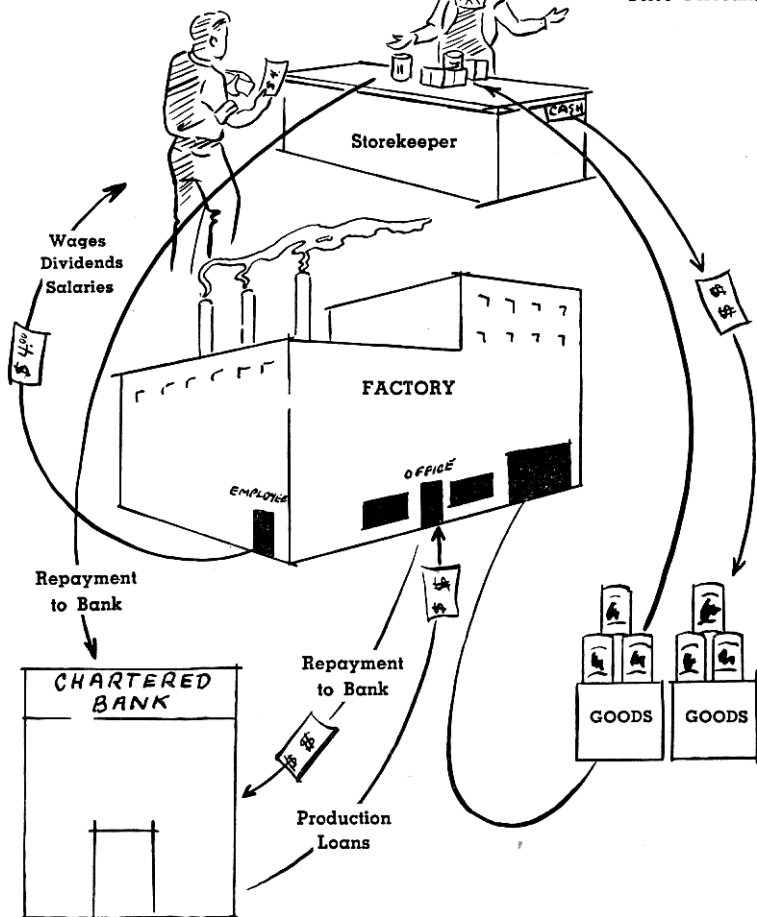
It is not suggested that the amount of the discount will be that mentioned; but whatever it is, it will give the customer just that much extra purchasing power. There will be no compulsion exerted to get the co-operation of any retailer. Those who wish to carry on as before may do so. Neither will any inspectors be necessary as self-interest will be the inducement. Most consumers will probably deal with a merchant who gives

Right to create and issue enough Financial Credit to balance Real Credit, as represented by National Production.



That'll be \$5.00 altogether,
\$4.00 from you and \$1.00
from the Bank of Canada.

Price Discount



the discount and will watch to see that they get it. The retailer will keep check to see that he gets his from the bank and in addition his "turnover" will probably increase owing to the greater buying power of his customers.

It will be readily understood that a measure such as retail price reduction will be immensely popular and quite likely there would be a tremendous run on the retail stores for the first day of operation just to see how it will work. (The simple method outlined will show how the business can be handled just as expeditiously as at present and with greater satisfaction to everybody.)

In order to get a grasp of the function which Social Credit is designed to perform, it is necessary to understand that the Real Credit or Social Credit of people is built up as a result of both producing and consuming, therefore it is a common possession and should be shared in by all.

Every improvement brought about as a result of work, experience, education, invention and technological process which adds to the REAL WEALTH of the country, would be immediately reflected by a **financial** benefit paid to the people as automatically as the accounts showed it. Thus the incentive for more and better output would be maintained at an enthusiastic height at all times.

If however, there was a war or famine so that civilian goods were scarce, Social Credit would reflect this condition in the shorter money supply for consumer goods. **In other words, if a REAL scarcity of civilian goods existed owing to famine or war, then that fact would be reflected by a reduced supply of purchasing power and the people would understand the reason.** This would help to build up public opinion against war and definitely against any artificial scarcity in order to hold up prices. **It would be in startling contrast to the abundance of goods and plentitude of purchasing power which would prevail in peace time with Social Credit in operation.**

It is necessary to remind people at this stage that hitherto there has been more general prosperity during WAR time, than there is in so-called PEACE time. Winston Churchill made the remark during the Second World War that, sorry as

he was to say it, there was more general prosperity for the ordinary common people when there was a war on, than in peace time.

If that is the case—and our experience shows that it is—how can we expect to have a **World at Peace** when our everyday commercial activities consist of **economic war** and many workers only enjoy **economic peace** when a military war is in progress, or for the short period following.

Attorney General Maynard

The Attorney General for Alberta, Hon. Lucien Maynard, in making a radio address after the Provincial budget for 1948 had been presented, made reference to the concluding remarks of the Alberta Premier, who is also the Provincial Treasurer in these words: quote—

"The Premier pointed out in his budget address that the solution could only be found by making it possible for people to obtain sufficient purchasing power to distribute adequately the entire output of our industrial production or its equivalent. Only through this means, can consumption be adequately financed and our whole Canadian economy established on a sound foundation. There are still those who refuse to face realities and are quite content to drift along with an economy based entirely on war.

"The tragedy of the situation however lies in the fact that even war production will not be sufficient to stall off much longer the impending economic recession. When the ranks of the unemployed have once more swollen to the proportion of the hungry thirties, what then will be the lot of these unfortunate people? Will it be once more the breadline and the dole? Or will we increase the numbers in our army, navy and airforce personnel in order to reduce the number of unemployed? What other alternative is there under the present set-up of our Canadian economy? Or will the people finally realize that the solution can only be found by financing consumption thus keeping our industrial machinery busy to meet the needs of our Canadian people?

"This is the challenge that faces the Canadian people today. Ridicule is not the answer to the challenge. If the pro-

posals advanced by the Alberta Government for the past fourteen years is not the solution to the serious problem once more facing our Canadian economy, then what is the solution?

"That is the question that should be asked of every man in public office today. Let us not wait till the depression is once more upon us to take action. Our peace time economy is long overdue and the Dominion Government owes it to the Canadian people to institute now the policies required to call a halt to the present economic trend and prevent the forthcoming depression." (End of quotation.)

(As time passes, the truth of this argument becomes increasingly apparent.)

(b) **Political**

In view of the fact that Social Credit is not a political movement in the generally accepted sense of the word it is rather difficult to deal with its political aspects. However, insofar as a Social Credit policy would affect the public business of a country and would impinge upon the ideas of the different organizations which have been set up to give support to various policies, it has a political phase.

It might clarify the issue to point out how the question of Free Trade or Protection has been regarded as the **major political issue** between the Liberal and Conservative parties for many years, when, if the important point at issue is whether the general prosperity of the nation would be improved or worsened as a result of implementing one of these policies, then the matter was an **economic** one.

While the adjustments advocated as necessary by a Social Credit Policy do not involve any constitutional changes, yet the effects of these adjustments upon the economic life of the people would be so far reaching that they might be described as revolutionary.

However, no lawlessness is contemplated. Social Crediters believe in abiding by the law, even when it prevents much needed reforms, until they can change it in a constitutional manner. As a matter of fact, the reforms they urge are evolutionary in character and aim to bring the policy of finance into accordance with the progress made by the productive factors in our economy many years ago.

Brief Review of Alberta

In order to understand the situation as it exists in Alberta, it will be necessary to sketch a short background of the conditions which prevailed in that province previous to the time of the people voting into power a Government pledged to the inauguration of Social Credit principles.

The Social Credit Association was founded in 1934 as the result of a campaign conducted by Mr. Wm. Aberhart, during the depression years of the early nineteen thirties for the adjusting of economic conditions for the betterment, not only of the very poor; but for the large majority. In those days, there was a plentitude of production; but such a lack of purchasing power (money) that although the stores were full of goods and the farmers crops were a glut on the market, the consumers did not have the money to buy; and had to do without to the point of destitution.

Mr. Aberhart explained that an equitable and scientific control of the financial policy of the banks would result in putting purchasing power into the hands of those who had little or none, and result in an effective demand for the goods and services which were available in such abundance.

This desirable result was endorsed by the people and the Social Credit party elected to office.

Opposition by Finance

However, as soon as the new Government tried to implement any measures designed to give the people of Alberta access to their own Real Credit (the goods and services produced) or even to provide any protection from the abuses and hardships occasioned by the orthodox functioning of the existing financial policy, **they were opposed at every step and subjected to desperate opposition both overt and covert.** Every legal and constitutional device was enlisted to thwart their endeavours and up to the present, with the exception of certain ameliorative measures, the Social Credit Government of Alberta has only been able to attack the fringe of the embattlements of high finance by their introduction of the Provincial Treasury Branches (system.)

These have provided an efficient and acceptable medium of exchange for a limited amount of transactions, but are forbidden to create financial credit, (which is one of the chief functions of a bank) by every obstacle which law, constitution, usage and power can erect to prevent it.

Therefore, there has been no comprehensive implementation of the financial policies of Social Credit yet in Alberta.

In spite of the splendid record for fair and efficient administration which the Social Credit Government has established, and which is one of the reasons for its overwhelming return to power August 5, 1952, yet every attempt they have made to carry out the mandate which they received from the people for the introduction of an economy based on Social Credit principles has been bitterly opposed by the high financial interests.

These interests use all of their undoubted power to prejudice, cajole or force all those that they can influence, to oppose anything appertaining to Social Credit, but with a good deal of cunning they give generous verbal support to every orthodox action, financial or otherwise, which the Government takes. In this way, the administration of the Government is made to appear superficially, to owe its success to the degree in which it pursues a policy of orthodoxy and abstains from active attempts to introduce Social Credit principles.

Alberta Bill of Rights

In spite of the tone of the orthodox press, the Social Credit Government has not abandoned its attempts to introduce Social Credit. However, they gained wisdom from experience. In 1946, the Alberta Bill of Rights was introduced in the hope that the responsibilities imposed upon the Province which required a measure of Social Credit, in modified form, for the welfare of its citizens, would be regarded by the Courts as sufficient justification to allow the Bill to become law. Nevertheless, it was declared *ultra vires* by the Supreme Court of Alberta and was finally disallowed by the Privy Council in Great Britain.

This Bill of Rights proposed to "monetize" the resources of the Province to allow the payment of a modified dividend.

Had this been allowed, Alberta would have leaped into the forefront of progress and prosperity over every Province in Canada and have **sounded the death-knell of orthodox financial control**. For this reason the endeavour had to be blocked at all costs,—and it was!

This will explain why there will be no easy road for the progress of Social Credit. Possibly the fast approaching crises caused by the failure of the existing world economic system to supply the consumers of the world at a price they can afford to pay, with the abundance of goods of which our productive system is undoubtedly capable, is the only hope for the inauguration of Social Credit. By that time, our productive system may be seriously damaged. Lack of morale, efficiency and co-operation, brought about by the bitter antagonism caused by strikes, instigated by communism and mistaken socialism, will have seriously crippled our ability to deliver the goods and services and therefore our "Social Credit" may have decreased to a point where there will be a greatly lessened supply of consumable goods to distribute than there is at present.

However, this danger will help to spur the energies of all who realize that there is a human remedy, as yet untried, which offers hope to humanity to enjoy the blessings which the technological improvements of the last few decades, based on the cultural heritage of the ages, have made possible.

Political Support Needed

To do this, the Social Credit Government of Alberta must have the staunch and continuous support of a large majority of the electors because it implies nothing less than the overthrow of the vested privilege of finance which many people still view as a sacred right. Social Credit does not aim to be revolutionary in any violent manner, and therefore requires the support of an overwhelming majority of the electorate in order to establish its right to be given full opportunity to try out its policy.

Its considered policy is to obey all existing laws; but to try step by step, by education and practice to redeem for the people their undoubted right to enjoy plenty with freedom, leisure and culture in security which is now possible. When it

is realized that the main factors which contribute to the much higher standard now, as compared to the past, is not LABOR, but the discovery of new methods and new sources of wealth and power from nature's great storehouse, then it must be admitted that these benefits are a common inheritance and as such should be shared equitably by all members of the community.

The position now is that the Alberta Government is considering the next progressive step to take towards the ultimate end that the people of Alberta may be able to enjoy all the good things of life, which by production or exchange, the wealth of the province can provide.

In conclusion, the readers attention is drawn to a statement which was published in the official organ of the Social Credit Secretariat, from which the following extracts are taken:

"Whatever mechanism, whatever technical processes may be needed to give effect to the desires of the individuals composing society, **that** is part of Social Credit."

"Money, for example, is a mechanism for assisting or facilitating the production and distribution of our material wants. If it fails to produce the desired results, it cannot be Social Credit. If it does produce the desired results, then it is a Social Credit mechanism."

"There has been a lot of argument about his (Douglas's) proposals, some informed and helpful, some grossly irresponsible. There is no need for any more. **If anyone can think of some better proposals for altering the present anti-social money system so as to enable people to get what they are associating for—that will be Social Credit.**"

(c) **Spiritual**

The philosophy of a movement will ultimately have its effect upon the mentality of those who believe in it.

It has been said that persons over 40 years of age carry the marks of their character in their faces.

This may or may not be true but it would appear to be an undeniable fact that a people's character will be developed

to a certain extent in accordance with the particular philosophy of life to which they give their support.

In spite of the very many forms of government that are in operation in the world today they fall into only two general groups. Those that rely on the basic principle of **compulsion** in order to put their policies into effect, and those that believe primarily in the policy of **inducement**.

Those that fall into the former class are Communism, Fascism and Socialism, while those which believe in the philosophy of inducement are the Democratic forms of Government.

Although centralized Capitalism cannot be referred to as one of the forms of Government, it is a powerful influence operating behind the scenes in all forms of Government. In the democracies it is often referred to as the "Invisible Government," although its operations are not hidden so completely from the people with these forms of government as in the case of Governments of a totalitarian nature. The good intentions of many democratic forms of Government are undoubtedly hampered by the restrictive influences of centralized capitalism, but the extent of its influences in "Statist" countries is probably greater, although impossible to estimate.

There is another party which is difficult to place because its name implies that it is a supporter of both policies in a moderate measure. That is the Democratic-Socialist party. Just as its name implies that it believes in two principles, so do its adherents advocate the practice of two opposing policies to a moderate degree—that of inducement as far as it will work—and then of state regulations imposed when found necessary.

It must be obvious, of course, to a logical thinker, that one of these principles must eventually be abandoned because if inducement fails, then compulsion will have to be pushed to the degree necessary to enforce obedience, or on the other hand, if the regimentor is too humane to push compulsion to the point of enforcing obedience, then that method will have to be abandoned and recourse made entirely to the policy of inducement. Analysis thus shows that either one philosophy of Government, or the other, will eventually have to be adopted.

A Right Philosophy Essential

Socialists have placed their faith and given their allegiance to a **system of planning**. In order to be successful these plans must be enforced. Any and all non-compliance or resistance must be met with coercion and force. All people motivated by humanitarian principles will feel very loath to exert enough force to be effective.

Therefore the responsibility for the success of planning will be delegated to more ruthless individuals to whom the success of the plan is more important than the freedom of choice or the welfare of the individual it is supposed to benefit.

This will inevitably lead to the cult of dictatorship being the most valuable to the socialist psychology.

Social Crediters are no better than any other people,—but they do **believe in a better philosophy**.

Two individuals may have similar dispositions to start off with, one giving allegiance to a system which involves centralized planning, directives, regimentation and compulsion; while the other supports a policy that **plans only for freedom**.

Just as the constant dripping of water will wear away a stone so in the everyday affairs of living from day to day will the constant impact of a philosophy affect the mentality of the individual.

SLAVERY

The one who believes in centralized planning will mentally exalt the STATE to the position of a SUPREME BEING which has the RIGHT to plan for, subjugate the will of, and eventually regulate every activity of the individual.

At the beginning perhaps, only the **work** will be planned. Soon after will follow the direction of labor—which means the people who will do the work—catalogued as if devoid of personality. Subsequently they will be regimented by being told where to live, how to spend their "off work" hours with probably a certain amount of regimentation of the manner in which they spend their leisure.

It is but a step from that to the complete domination that will impose restrictions on a free press and freedom of speech; and this comes dangerously close to an attempt to control the very thoughts of the people, which would amount to intellectual slavery.

Such is the ultimate goal of the "planners" Utopia.

Freedom

In favourable contrast to this will be the mental development of the individual who believes in the freedom and dignity of mankind. Any tendency to exercise control over the lives of others will be constantly kept down by the exercise of his philosophy of freedom.

Encouragement will be given to the development of personality and initiative in the service of all. Although the service and welfare of the community may at first sight appear to be something that can be developed on a collective basis, it is really a matter of individual inspiration and growth. This is where the planners make their fundamental mistake. By regimenting the individual, they kill initiative, and personal initiative is indispensable to a policy of public service. In other words; if we depend on the success of a project because it is everybody's business, we shall soon find out it is nobody's business. Therefore, the incentive to individual initiative must be encouraged.

The same principle will be applied to every walk of industrial and commercial life. The appeal of individual service will become translated into the welfare of the whole body. This will be not only possible but encouraged by a Social Credit policy; **but not by any other.**

The ordinary tradesman will feel the impulse to do the best possible work because it will render longer service, well knowing that every action on his part that reduces maintenance charges will help to reduce the cost of living and this will be reflected into an advantage to him because lower retail prices will soon follow.

Storekeepers will realize that a reputation for fair dealing will be the strongest attraction for customers who, being in possession of sufficient purchasing power to buy what they

want, will favour those stores which stock the **quality** of goods they desire.

Co-operative Factors

In accordance with the law of the universe that consumption is just as important and must **precede** production, those who are not well adapted for productive activities will be equally esteemed for their ability as consumers. Think what a protection this will be against an inferiority complex. To be a citizen and to be esteemed as such by reason of the fact that you are filling an important function in the economic system and helping to make it a success. The uplift it will give to those of our citizens who do not enjoy the wonderful blessings of full physical capacity. Perhaps a hand is missing or blindness is your unfortunate lot. No matter, you are just as important from the point of view of being a consumer, as one in possession of full physical and mental capabilities. Let us examine the basis of this and see if such an argument is sound.

**GOODS AND SERVICES
SUPPLY**

**PURCHASING POWER
OR MARKET**



The consumer demand has been just as effective in building up an efficient productive system as the efforts of the producer to supply that demand.

Perhaps one of your ancestors had a hand in inventing some labor-saving device that helped to produce more goods with less human labor. You will rejoice to know that when a Social Credit economy is in effect, such an invention will bring an immediate benefit to all consumers because the goods turned out by the machine will be more plentiful and available at less cost in proportion to income than ever before. At the same time those workers who have been released from producing may receive payments equal to the wages that would have been paid, while they enjoy leisure,—if they are not needed in the production line.

It is one of the tragedies of human history that as the secrets of the universe have been unfolded more and more in response to man's efforts to free himself from natural scarcity, tyrants have arisen either in human form or in the guise of a "system" which have sought to maintain a shortage by artificial means. Mostly through the control exercised by the financial power, either by denying the facilities of finance to provide the machinery of production, or else to curtail purchasing power so as to deny the consumer the power to buy.

The aim of Social Credit is not to exploit the **worker**; but to **exploit the machine** for the benefit of mankind. It will remove the soul-destroying competition in which "everything goes" in favour of giving initiative to serve.

Yes! You, in the time at your disposal of paid leisure, may in your turn think of something that will be able to confer an even greater blessing on mankind than the one of which you have already inherited a share. Thus in your turn, you may bestow an even greater cultural heritage for the benefit of your descendents than you inherited from your ancestors.

Money—Master or Servant

Social Credit is the only policy devised by human beings which purposes to take away from money that attribute which causes a considerable number of the race to strive so hard for

it, i.e the power which it enables them to wield over their fellow men. It is not because money will buy goods that it appeals to the powerlust of some individuals. On the contrary, there are sufficient people who, enjoying a comfortable salary, are quite content to enjoy the good things of life which money will buy for them and to "live and let live."

But the **love** of money is the root of **all** evil.

Those who feel the lust for power, often live quite frugally and are more concerned with obtaining a large amount of control over money—for the **LOVE** of it—rather than for the **use** of it; and it is the **love** of it that a great expounder of Christianity declared is the root of **all** evil; and not the use of it to buy human necessities and comforts.

Money is the greatest convenience that was ever invented.

All that is required is a policy that will direct its benefits along the proper channels. Just as a false policy can inspire deeds of evil, so can a true policy appeal to the constructive thoughts of mankind and lead private initiative and enterprise into the paths of service to humanity and at the same time reap an individual gain.

It was the urge to a free way of life that induced people to come from all lands to make their homes and livelihood in Western Canada. This is freedom of the spirit and if we can maintain that freedom of the spirit then material freedom is bound to follow. Owing to the conditions which were brought about as a result of two world wars, civilized people now find that their love of freedom is threatened. Because of the compulsory regulations which it seemed necessary to impose at the time, in order that the whole National effort could be mobilized to resist the threat to our liberties being successfully accomplished by an outside power, our people submitted with good grace to rules and restrictions which were contrary to the spirit of freedom.

When the military war against dictatorship powers from without was successfully concluded, an aftermath of thinking was left in the minds of some people that the dictatorship methods which were successful in the emergency of war, were also necessary to consolidate the peace.

Mental Liberty

As a result, many people are now persuaded that material security can only be obtained at the expense of real freedom, which in the last analysis depends for its existence upon freedom of the spirit.

"No man can serve two masters", and it is impossible to preserve real freedom, if the freedom of the spirit has to be subjected in order to enjoy material security.

And so—today, when the world is faced once more with the great decision of choosing between the free way of life or submitting to compulsory regulations which should only be tolerated under conditions imposed by war, all thinking persons are urged to govern their actions by the eternal truth, "For as he thinketh in his heart, so is he." If he thinks in terms of freedom he must include all others as well as himself. If he thinks in terms of restrictive regulations, these must apply to himself as well as to others. The history of mankind has shown that where restrictive and compulsory methods are favoured, a ruthless class of people rises inevitably like scum, to the surface, who are willing to resort to cruel methods to crush the spirit of freedom in all who resist them. On the other hand, where the spirit of freedom is encouraged and cultivated, there we shall find all that is best and happiest in human relationship together with the ever-upward urge that inspires even personal self-sacrifice in order to maintain that freedom.

Differences of opinion will no doubt always prevail among mankind and perhaps it is well that it should be so; but at this time it should be pointed out that it is impossible to serve the cause of true freedom by forsaking the principles of freedom. Therefore guard against the delusion that by casting a vote in favour of restrictions that offend your sense of true liberty in order to gain what is at best a very small measure of material security, you are forwarding your privilege of striving for the fuller liberty you desire.

Planning in itself is quite necessary and right. It depends upon the policy of your planning. If the plans are designed to curtail and restrict your freedom, slavery will eventually result. If on the other hand the policy of your planning is for

more freedom, then the initiative and enterprise of the spirit which energises the majority of the people will be released and attain the heights of contentment and happiness in freedom instead of being slaves.

Ambition Desirable—Domination Bad

The path of freedom is still open. Social Credit has no intention of going back to the deformed and emasculated "**private enterprise**" of the past. Social Credit offers the way to a new and better "**individual enterprise**." One in which the tentacles of financial monopoly will not strangle the young and aspiring so that if they do survive, they will be tough and unsympathetic. This has been one of the pitfalls of the past. The path to success has been so hard that those who attain it, lost most of their humanity in the tough struggle to "get there."

Social Credit offers the prospect of a free enterprise in which the virtues of fair-dealing, confidence and faith are encouraged rather than trampled underfoot. Hope and faith are indeed the touchstone of the social credit philosophy. It not only appeals to all that is best in mankind, but rewards his actions along those lines with an automatic precision that engenders confidence. Thus, people will become en-nobled, because a noble environment will promote noble thoughts and noble actions.

The desire to trample other people underfoot will fade when it is no longer necessary to do so in order to taste success for oneself.

Man's generous motives will expand and under the beneficence of a Social Credit economy, the desire to extend a helping hand will increase although the necessity to do so will gradually decrease.

However, the world has many millions who will need a material as well as a spiritual uplift for many years to come, and it will be to the glory of this Province of Alberta which has had to fight such an uphill battle against entrenched privilege and vested interest for the precious cause of establishing economic truth, if, having lighted the torch of economic liberty, we can transmit the light to others so that eventually it will lighten the whole world.

"WHAT IS SOCIAL CREDIT"

Those who have been persevering enough to read this booklet may find some compensation in the knowledge that none of the sciences can be learned in a few minutes. Mathematics is the most exact science of all. Time and distance, even creation itself, functions according to the law of mathematics. Social Credit is based upon the same law, that is why we feel so sure about it; but it cannot be learned in 15 minutes.

The following anecdote illustrates the point well.

A Social Crediter was driving a young doctor friend of his to some function where they expected to arrive in about 20 minutes or so. Said the doctor, "Couldn't you give me—in about 15 minutes—a pretty good idea of what Social Credit is all about. Its meaning, its function and what you hope it will accomplish?" His companion continued driving in silence until the interval became noticeable, then he said, "How long did you attend university Doc, to learn medicine?" "Four years" replied the doctor, "and I'm still learning, why?"

"Well, would you mind explaining to me—in about 15 minutes—the different schools of pathological thought—the medical and the surgical—what is the meaning, function and objective of each; and why some new schools of thought differ from the orthodox."

"Humph!" replied the doctor. "I see what you mean. I guess we'll have to make an evening of it some time—and start early."

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