

Social Credit

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The Editor has asked me to contribute an article on Social Credit. I think he has done so because the events of the last three months have shaken us right out of the old habits of thought and out of the old party shibboleths. The atomic bomb did more than obliterate Hiroshima – it rendered our old familiar world and customary ideas out of date overnight. All of us have to think things out again, and even doctors are not exempt from this vital duty.

The whole world is very sick, and all our economic and political doctors have been feverishly trying this remedy and that – all to no purpose; the patient has only become sicker than ever. Curiously enough, they have, with rare exceptions, fought shy of an accurate diagnosis and attributed the illness to anything but the real cause. And the true remedy, like a homeopathic remedy in high potency, seems too simple and too ineffective even to be contemplated.

The true diagnosis is simply this: We have, owing to the development of science and the machine in the last 100 years, entered into an age of virtually unlimited inanimate power. This means that for the first time in history plenty and abundance are actually or potentially available to every man, woman and child on this planet. The problem of production has been finally solved. Scientific invention has also made human labour less and less necessary. So much so that ever-increasing technological unemployment is an inescapable fact now and in the future. In other words, the power age necessarily means an age of leisure when, with the machines providing all the essential's and luxuries of life, man will at last be free to work at work worth doing of his own choosing.

This picture seems to bear no resemblance to the world as we know it to-day, and yet this, in fact, is what it actually is, or at least could be. How has this extraordinary state of affairs come about, so that with peace, abundance and leisure as our birthright we have, instead, the opening phase of World War No. 3, starvation and untold misery for millions of our fellow-beings, and regimentation and work-slavery over large areas of the globe?

The answer to this conundrum is again simple. We have a world-wide obsolete financial system which, while it may have been relevant and efficient for a world of scarcity, has no relevance to a world of plenty, to an age of power. Pre-war the situation was that, while there were goods and services in abundance, there was never enough purchasing power to make them available to the men, women and children of this country.

There was a chronic state of financial anæmia – there was never enough money in the pockets of the people.

It is a common delusion, even of such a brilliant brain as Bernard Shaw, that the production of an article automatically creates at the same time its purchasing power. In fact, this is not so. The production of goods and the production of money are entirely separate functions and separate systems and have no relationship to one another except an incidental one. This, of course, is absurd, and so, in fact, it has led to the tragic absurdity of poverty in the midst of plenty; the closing down or restriction of production, with the consequent problem of unemployment; the wanton destruction of food of all kinds when people were hungry; the frantic struggle for export markets when the home market was crying out for goods; and finally, the inevitable Nemesis of it all, a World War, the quickest and easiest method of getting rid of abundance that everyone wanted and no one could have. And so efficient has this method been of getting rid of our vast war production, as it is destroyed as fast as it is produced (we have literally rained it free and gratis on the enemy in the form of bombs, etc.), that we have now more money than goods. This being so, the common-sense solution would seem to be to make goods to sell in the home market; but that would never do, and so the goods needed and purchasable at home are all being sent abroad to capture the foreign trade, and elaborate National Savings schemes are devised to milk us of our surplus purchasing power.

It should further be remembered that when money under the present system is issued it is always issued as a debt and has to be repaid with interest. The orthodox method of attempting to get out of debt is to borrow oneself still further into it until the position is hopeless. Witness the fact that even Wall Street favours the cancellation of international debt, so that the whole crazy process can start all over again. All this is called sound (*sic*) finance. It is more accurately described as the economics of (Bedlam. No wonder the world is sick and mankind in mortal danger.

The remedy is just what common-sense would suggest, but it is all so simple that people, bamboozled with the deliberately cultivated conception of the mystery and incomprehensibility of High Finance, cannot believe it. It is just this: that consumption shall be made to equal production. Or, to put it in another way, that there shall always be enough money created to purchase all the goods produced – total income shall equal

total prices. Money will then become what it is not at present—a ticket or medium of exchange, having no value apart from the function it performs. It could no longer be bought or sold on the stock exchanges of the world as a commodity having value in itself.

One important result of this increased purchasing power would be to satisfy the home market first and foremost; any surplus would be a true surplus, which could be used for export trade. Foreign trade would then become what it is not at present, an exchange of true surpluses, instead of a struggle for a favourable balance of trade, which is an attempt to export more than is imported, to give away more real wealth than is received; in other words, to make oneself poorer!

But it is no use knowing in general what should be done; a definite technique to make it an actuality is necessary, for ideals without a mechanism are like steam without an engine. Social Credit has this very definite and practical technique in what is known as the Three Demands.

The first is the opening of a National Credit Office. It is a remarkable fact that, although we have a National Debt Office, we have no National Credit Office, and as a result no one knows what the national credit is. The real wealth of this country as distinct from the financial wealth is just not known. Imagine a business concern which never knew what its total assets were!

This National Credit Office, functioning as a scientific body, would be an amalgamation of the Treasury, the Bank of England and a statistical bureau. It would advise the Government on all economic matters, and in particular would estimate the total production and consumption so as to ensure the essential equation between them. It would issue the amount of money or adjust the price-level needed to secure this as well as issuing debt-free money and loans to the community in general.

The second is the issuing of the National Dividend. This is a revolutionary conception. At present the only way that purchasing power can come into the pockets of the people is through wages, salaries or dividends, but, as already explained, these in total never equal total prices. There is always a deficiency of purchasing power. This deficiency it is proposed to make good by the issuing of a National Dividend, as an inalienable right, to every man, woman and child over and above any other money they may be receiving, and it will increase as the productive capacity of the community increases.

The issuing of a National Dividend will have very important results. It will mean a high standard of consumption equivalent to the national productive capacity. It will ensure that purchasing power is independent of employment,

which will mean that men not required in an increasingly mechanised productive system will be able to use and enjoy the resultant leisure; though “unemployed” they will receive the “wages of the machine.” It will ensure the economic independence as well as security of every individual and cut at the very root of any form of dictatorship or any totalitarian regimentation.

But the issue of more money by itself would only result in raised prices – that is, inflation – unless the third part of the Social Credit technique was brought into action, namely, the Just Price or Retail Price Adjustment. This is a mechanism to ensure that goods shall be sold to consumers at their real cost instead of, as at present, their financial cost.

This is not the place to explain how this is calculated, but suffice it to say that it works out at a fraction, and thus all goods would be sold at less than the financial cost. This would not only automatically prevent inflation, but would be an additional method of increasing purchasing power.

Let me summarise in the words of Maurice Colbourne: “Measure the value of the nation, declare from time to time according to this value both a National Discount through the price factor and a National Dividend. Do these things through the exercise of the nation’s sovereign right to control its own monetary system, having reinvested the nation to that right through legislation.” (Incidentally it is precisely this right which the Bretton Woods Plan proposes to abolish.)

Social Credit is in brief the financial system and technique for a Power Age and an Age of Plenty. It is the only solution to the impasse to which the world has been brought by trying to operate an out-of-date monetary system belonging to a world and economy of scarcity. But Social Credit is also much more than merely a financial technique, important as that is; it is also a world philosophy, the only world philosophy which can resolve the impossible and largely unreal conflict between the Right and the Left and avoid a third World War. But I can do no more than hint at these wider issues, as to do more would require an entire issue of **THE MEDICAL WORLD!**

Nothing except the right diagnosis and the right remedy can now save the world and liberate the spirit of man – and the sands of time are rapidly running out when that diagnosis can still be made and the remedy applied. Social Credit and Social Credit alone is the only remedy at this particular crisis of mankind. If it is not applied then the end is certain – either universal death by the atomic bomb or a living death in the regimented slave world-state of a Brave New World.