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The National Dividend: The Instrument for the Abolition of Poverty

William Ward

With a Summary and Conclusion by Montgomery Butchart and an Epilogue by Philip McDevitt

Dedicated to the Memory of A R Orage, First published in 1935

INTRODUCTION

OLD AGE PENSIONS for all men and women over sixty was the slogan with which we flung ourselves into one of the greatest struggles in the social life of our country. After ten years of hard fighting, victory was ours in the year 1908, just over a quarter of a century ago.

THE ABOLITION OF POVERTY by means of the National Dividend is our slogan in these days, and the struggle for this great act of freedom is being fought out on precisely the same lines, and with the still more glorious prospect of a successful issue in the near future.

This pamphlet has been compiled with the idea of making clear the situation, particularly as to the National Dividend being a matter of civic right for every citizen and nothing whatever in the nature of charity or dole; as to its being sufficient to guarantee every man and woman and every family in the land security against poverty and showing how it can be done without additional taxation, without inflation, and without robbing the rich to give to the poor, this latter being the thing about which many people are so terribly frightened.

The varied explanations here given of the National Dividend from different viewpoints make one complete and harmonious whole, and are by men who speak with knowledge and authority.

The late A.R.Orage, formerly Editor of the *New Age* and the founder of *The New English Weekly*, explains it in a way so that the proverbial "man in the street" can grasp it; Lord Tavistock has the ordinary business man in view when he explains how simple a matter it is to provide the extra money that will enable the people to purchase what the producer has provided and the shopkeeper or tradesman have to sell, and without increased taxation or inflation.

A. L. Gibson, F.C.A., a widely-known Chartered Accountant, goes more deeply into the matter, and spreads a National Real Credit Budget before the man who combines in himself the character of a keen economist and a seeker after truth, and explains how the whole machinery works.

Dr. Hewlett Johnson, Dean of Canterbury, seems to embrace the whole community in his

endeavour to show that it is all as plain and as simple as ABC. Having worked as an engineer in his early days, and distinguished himself as a scientist, he is painstaking in his method and accurate to a degree, whilst his present profession enables him, in the most charming manner, to make everybody see it just as he does.

Major Douglas, the originator and exponent of the Social Credit System, of which the National Dividend is the first step, points out the vast resources at the command of the Government when its representatives take control of the country's credit, leaving the banks to carry on their own legitimate business. The figure he gives available for each person and family is astounding. It should be pointed out, however, that many advocates of the National Dividend agree that a much smaller sum may be allocated at the beginning, the amount to be increased gradually. The sum generally advocated is ten shillings per week for every man, woman and child, over and above their earnings or income from whatever source.

Mr. Maurice Colbourne, who has made his investigation from another view-point, arrives at a figure almost equivalent to the one mentioned by Major Douglas.

And so with all those who have contributed to this brief anthology. Each one has his own special point of view, that makes clear what otherwise might be obscure to some~ Thanks are due to all these and their contributions are hereby gratefully acknowledge. Mr. Montgomery Butchart has rendered exceptional service by contributing the *Summary and Conclusion* and co-operating generally. Owners of copyright who have generously granted permission to make quotations from their publications include:

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Sir Isaac Pitman and Sons, Ltd. (*This Age of Plenty*, C. M. Hattersley).

Figurehead Press (*Economic Nationalism*, Maurice Colbourne).

Coward, McCann (*Unemployment or War*, Maurice Colbourne).

There is not one hard and fast method of applying the principles of social credit. There are many ways from which it will be necessary to select the most suitable when the time is ripe.

C. MARSHAL HATTERSLEY, "*This Age of Plenty*."

A R Orage

THE NATIONAL DIVIDEND THE FIRST STEP

IN England precedent indicates the adoption of the National Dividend as the first step to Social Credit. The Old Age Pensions, Employment and Unemployment Insurance and the many forms of Poor and Sick Relief are distributed by an efficient system, which could easily be applied to the distribution of the National Dividend. Equipping this country to assume National Control of its Credit, or to dispense the Discount on Retail Price, or both, would be a relatively simple process: but it is wiser that the first steps should be taken on a blazed trail.

New Democracy, October 15, 1934.

THE MAN IN THE STREET

As for the man in the street, it is absurd to expect him to understand the technical side of Social Credit. He has neither the time nor the experience to enable him to do so, and if he had both no useful purpose could be served.

What is expected of him is to know what he wants. If he wants economic security—money in his pocket, equivalent to the purchase of what he needs, that, and the continued insistence on having his wish *realised*, is quite enough. It is not necessary for the majority of people to be familiar with electro-dynamos in order to switch on a light.

New Democracy, October 15, 1934.

THE SOURCE

A MAJOR problem of modern statesmanship is the discovery of a new and hitherto untapped source of the means of public expenditure.

Is there such an untapped source? The confident answer is that not only is there such a source, but it is to all intents and purposes unlimited. It is so unlimited that not only does it contain sufficient means for the discharge of future State expenditure, but a very considerable part of the existing load of individual taxation could at once be transferred to its ample shoulders. Moreover, the nature of its origin is such that there can be no question in anybody's mind that it alone is the proper source of State expenditure, since it alone is of exclusive State origin. We refer to what is known as the increment of value due to association. The familiar illustration of the difference between the value produced by ten men working separately and the same ten working in co-ordination will perhaps serve to indicate the direction in which we must look. The collective wages, salaries, dividends and profits that constitute the present financial income of the nation represent only the individual earnings of the ten men of our illustration taken separately. But their joint product, thanks to their association as a nation, with its rich heritage of means and culture, is vastly greater in value (as it is also in price) than any sum defrayable merely by their individual earnings, the difference, in fact, being roughly the difference between the sum and the multiple of a series of numbers. And it is precisely to this increment due to association and not now paid to any individual that the State must look not only: for its future expenditure (including National Dividends on the collective

patrimony and enterprise), but for the means to the remission of all existing "taxation for revenue." A competent National Treasury, in full control of the national monetary system, could without the smallest difficulty begin to-morrow the progressive diminution of taxation and simultaneously the progressive increase of its expenditure on public services.

The New English Weekly, December 1, 1932.

Will Dyson

THE rate of increase of national productiveness is something more than the individual increase, as the weight pulled by ten men in co-operation is greater than the sum of the weight pulled by the same ten men individually. This co-operative increase is the justification for a cooperative dividend. It is an actual thing, actually in existence, but is nowhere financially accounted for as purchasing-power returned to any individuals. It is honestly and obviously a national dividend, to be used for the purpose of securing the most complete possible absorption of the product of industry. . . . It is, in the true sense of the term, a dividend, to be distributed as such, as all dividends are distributed to all shareholders. . . . This national dividend would be a flat-rate distribution of the value of all that had not been bought, even after the augmented buying due to the operation of the just price. This final increase of purchasing-capacity would fully equate possible consumption to achieved production.

The national dividend is something that must go to all of us, irrespective of any consideration whatever, and would be distributed as any dividend is distributed. It represents the inevitable and by now almost automatic increase in our own wealth which occurs in the time-lapse between the making of goods and the selling of them. Goods have become less costly during this lapse. That decrease in cost is a natural increase in command over goods. It is a dividend to be financially assessed. It is the profit made on the running of Civilisation Ltd., of which Company we are all shareholders with one share.

Artist Among the Bankers.

Sir Harold Bowden

OF THE RALEIGH CYCLE COMPANY LIMITED.

I would submit that the following propositions are indisputable:

(1) Machinery has been for many years visibly displacing men from employment in all industries. No economic processes can ever find remunerative work for them elsewhere, for science is progressively diminishing the demand for man-power. To put the point in concrete form, we can today produce in, say, 80 men-hours what we formerly produced in 100 men-hours. An agricultural revival, emigration, a universal five-day week (were this possible) would act as palliatives, but the mechanisation process will inevitably continue and be intensified.

(2) Purchasing power is in the main distributed as a reward for labour. If the labour is not needed, the purchasing power is not distributed under our present system except in the form of doles, charity, Poor Law relief, and by similar unsatisfactory and demoralising devices.

(3) In an age of cheap production and ample supply, millions are suffering from Want. They are deprived of purchasing power, not through any fault of their own, but because our statesmen, financiers, and economists have been able to devise no other pretext for giving it to them except in exchange for work. And their work is not needed. . . .

The old "laws" of political economy no longer obtain. We have entered upon an era of new conditions that the old economists never foresaw, and it is necessary to think in terms of these new conditions. Not unemployment, nor even the restoration of trade, but the distribution of purchasing power is the kernel of the problem.

The New English Weekly, November 3, 1932.

W. T. Symons

WE do not know how to distribute our fabulous wealth. Come up on the peak of our achievement again: whilst the world hardly produced the bare necessities of men, for all the labour expended on it, poverty and limitations were misfortunes. But now that the world can easily produce ample, with a moderate amount of labour, these conditions are a crime—lying on the soul of every one of us. But to release this immense capacity the demand for its use has to be expressed in tokens, in money. The establishment of a financial system that will effect this release is the hope of the world; it is the essential reform, lacking which all political and social effort is a beating of the air. Its establishment is the most important matter of immediate practical policy. So long as the creative power of the community is bottled up, it is liable to break out in destructive violence; the dynamic force must be set free. It is now known how to do this, and the time is ripe. The release of energy is a technical matter; the means of distribution of the products of energy is also technical; but both can be done.

The Coming Crash.

Clive Kenrick

BY committing the unpardonable sin of refusing the gifts of the Spirit of Truth we suffer the degradation of unemployment instead of obtaining the priceless gift of leisure and opportunity to live. Instead of each receiving a fair share of the national output by a national dividend we make shift with the soul-destroying "dole."

A Challenge to Modern Finance and Industry.

IF we were to make up our minds that our standard of life should only be limited by our knowledge of the laws of nature and our productive capacity on the one hand and our needs on the other hand, our standard of living could be raised enormously, till everybody could live a decent, self-respecting life.

To put this into operation it seems that it is only necessary for the banks to create credits as they do now, but not to charge interest on them. The credit does not belong to the banks, but does really belong to the people or nation, and why the banks should have a monopoly of it and charge interest on it is one of the most amazing things in this amazing world.

All capital equipment could then be made in a planned and orderly method as required, and would be held in trust for the nation and a national dividend earned and declared on it. The aim should be to make this national dividend gradually supersede all wages and salaries until it was sufficient to maintain the standard of life desired by the people.

The distribution of consumers' credit or the national dividend will be quite easy. The banks, for their own purpose, are already rapidly developing a system of crediting salaries and wages and cheques by internal transfer of credit or figures in their books. Soon every wage-earner will have a bank account, and the national dividend or credit could then be quite easily transferred to him weekly or monthly.

The True Economic System.

Philip McDevitt

NATIONAL CREDIT is the measure of the nation's ability to produce Goods and Services.

THE NATIONAL DIVIDEND is a method of National Payment by Results according to the exact measure of National Credit achieved. .

THE NATIONAL DIVIDEND, therefore, is extra earning by and for the whole community and not merely something taken from Mr. A. and spent by Mr. B.

It is not the class-war of politicians but a huge advance in the general well-being of the *Whole People*.

It means the Abolition of Poverty by an increase of distributed Real Wealth.

The Earl of Tankerville

THE community is charged with certain costs for the liquidation of which the necessary money is not distributed; it therefore follows that there are three possible ways of making good this deficiency: (1) Either prices must be reduced to an extent sufficient to meet the purchasing power that *is* available; and reduced in such a way as to involve no loss to any manufacturers or distributors; or else (2) purchasing power must be increased sufficiently to meet prices by issuing *new* money-tokens which, at their original source, do *not* represent interest-bearing loans; or (3) both of these first two methods could be employed at one and the same time.

I personally am rather in favour of this latter method—that is, of combining both of the first two—for the reason that the issue of the necessary "free" money could then be made dependent upon the selling of goods at a scientifically reduced price, the "new" money being used to make good the loss that would otherwise fall on the seller. This also would have the effect of preventing unwanted production. At the same time, also, a National Dividend could from time to time be issued by the State (also, of course, as "new" money and *not* as a debt) to *all* members of the community; this would solve the present financial difficulty of those whose services are displaced by modern machinery and labour-saving inventions. BUT, WHATEVER METHOD IS ADOPTED, I WOULD LIKE TO EMPHASISE THE MAIN POINT, WHICH IS THAT IT WILL BE NECESSARY TO BRING OUT "NEW" MONEY *DIRECT TO THE CONSUMER*,

AND *NOT INDIRECTLY* THROUGH THE PRODUCTIVE SIDE OF INDUSTRY AS AT PRESENT IS THE CASE.

I think I should add here that these suggestions for the free issue of "new" money, which is *not* tied to gold or silver, and which is *not* a debt, are *not* inflationary. That is, they are not inflationary in the sense of inflation being a reduction in the purchasing power of a unit of money, but rather the opposite. To increase the quantity of money is only dangerous when it involves a decrease in the purchasing power of a unit of money; whereas the suggestions I am putting before you involve an increase in the purchasing power of a unit of money. Neither am I suggesting anything which would cause any loss of money to any class of the community. On the *contrary*, it would be of material benefit to *everybody*, and would *not* take any money *from anybody*.

Poverty Amidst Plenty.

The Dean of Canterbury

THE A.B.C. OF THE NATIONAL DIVIDEND

THERE stands ready at our hand a scientific method of balancing production and purchasing power. These are the steps.

First, we must procure an estimate of the nation's real wealth.

Second, we must keep track of that wealth, and see, year, by year, whether, and by how much, it increases. We consume so much: we add so much. The difference between consumption and production is the increase in our real riches. That increase must be provided with an exact equivalent of money tickets. Precisely in the same way as you add more tickets to a theatre if you add seats.

The money must, of course, be made by the country, costless money, created to implement production.

There is the theory. Consider the procedure.

Consider the nation as a business concern; call it Britain Ltd. Britain Ltd. will keep, as all business firms should do, its National Account Book, in which are entered all its real wealth; lands, buildings, machinery; all its property in short. Accountants can do it. Most of the data is already obtainable.

This estimate once made, we can keep track of the wealth. We can see how much we add during the year of houses, machinery, finished goods, and imports, etc., etc.

Likewise, we can see how much we consume. How much wear and tear, how much raw material, how many goods exported, and how many finished goods sold from stock.

The difference between this consumption and production gives us the measure of our real new wealth in goods—capital goods (works, etc.) and consumable goods, or finished products (apples, or motor-cars, etc.)

Supposing now you set out production visually in the form of a vertical column and consumption in the form of another vertical column, just as hospitals do to enable the public to see at a glance how the funds for the New Extension stand.

And supposing—it is a very modest estimate—that the production column stands four feet high and the consumption three feet high. Then total production is 25 per cent. greater than total consumption.

Money tickets need to be created to balance that amount. Express it in money terms. Suppose production is £400,000,000 and consumption £300,000,000. We must then create £100,000,000 of tickets. When this sum is spent, goods to the value of £100,000,000 pass into the consumption column of the account book and both columns balance. The tickets are automatically cancelled on return.

We can create the tickets precisely at the moment they are required if we give a discount of 25 per cent. on articles sold, and if the Treasury made up that discount price.

You will understand this more easily by a concrete example.

Suppose that in order to get the scheme working, the motor-car industry lent itself for the experiment, and entered into a bargain with the Government, by which it agreed to sell the whole of its products at their cost price plus an agreed percentage of profit, say, 10 per cent.

I fancy most firms would welcome the arrangement in exchange for the following facilities.

The motor-car firms would be authorised to issue, with each receipt for a car sold, a Treasury voucher, representing the amount of the National Discount; which we assumed to be 25 per cent.

My car, for instance, is a small Standard. It cost about £200. Had the scheme been in operation, I should have received, when I paid the £200, a Treasury voucher attached to my receipt for 25 per cent., that is, for £50.

I should pay my voucher into the bank, which would write up my account by £50. The bank in turn would collect all these voucher monies from the Treasury.

The Treasury would enter all these sums on the debit side of the National Ledger; where they would go to swell the consumption column: the car itself when produced and reckoned up would go to swell the production column.

The two sides would balance and the money would be automatically cancelled out. Just as a railway ticket is cancelled out when delivered up at the barriers.

* * * *

All would benefit.

The purchaser gets his car at less price.

He has more money to spend.

He buys other things, and therefore other trades benefit.

The motor industry gets a fair profit and does increased business.

The country creates its own money to implement its new production.

The basis of the credit is the goods, brought into existence. Inflation is avoided; deflation is avoided.

The wheels of trade revolve.

* * * *

Here, at last, would be the Just Price installed. The Discount Price is the Just Price.

By it, we only pay for what we actually consume (in material, muscles, and practical skill).

We replace by our payments as much as we withdraw by our purchase.

We do not pay a fixed price (price-fixing is futile, for price can vary with every invention, or each better organisation), we pay at a fixed ratio, in the instance quoted at a quarter below cost price.

Prices themselves would be fixed precisely as now, and by the same process as to-day the Rolls car might be £1,000 and the small Standard car £200. The 25 per cent. ratio would make the Rolls £750 to the purchaser and the Standard £150.

The National Discount creates money in exactly the required quantity and places it directly into the money stream to make the money stream flow at the same rate as the price stream.

By this means there would always be adequate money in the pockets of the purchasing public to claim the goods produced.

No goods need necessarily remain unsold. Total money would equal total goods.

Inflation is avoided—this I must repeat again and again because the money comes into being only as the goods arrive.

* * * *

We must now take another step.

Obviously, trade would boom, as, indeed, it ought to do. People would prosper, for all would share in the Discount; and at first, at any rate, many more would share in increased employment.

But what of those who are too sick to work! What of those who are too old?

What of those thrown out of work by the changes of fashion?

And what of those displaced by the all-conquering machine?

"Sparking-plugs produced complete in six seconds, one-sixth of the time taken before." That I read in last night's paper.

This labour displacement is inevitable. And not undesirable in reality, for it increases the height of our production column, without increasing the height of our consumption column. It means more money available for discount and dividend.

* * * *

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

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

Its basis will be the real credit of the country.

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

Discount and Dividend will share that increment. Maintenance cannot permanently be tied to employment else, in these days, who can be secure?

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

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

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

"The Dividend will make men idle." Don't believe it.

Policemen retire on a dividend or pension: they are the most eager applicants for posts as vergers or commissioners.

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

Man is not naturally idle. At the moment multitudes are condemned for unimplemented idleness; indigent idleness. The dividend secures implemented leisure for all. It also enables man or woman, boy or girl, to choose their own vocation. Boys or girls with musical or artistic talent will no longer

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

* * * *

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

Scotland could do it, or Ireland.

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

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

* * * *

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

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

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

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

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

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

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

The Democrat gains from it—it preserves personal freedom.

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

Why Poverty in the Midst of Plenty?

The Marquis of Tavistock

WHAT IS THE NATIONAL DIVIDEND?

IT is a sum of money given by the State, at regular intervals, to every man and woman who is a citizen of the country.

HOW MUCH WOULD IT BE?

That would depend on the country's production and import of goods and services desired by consumers.

Purchases made with National Dividend money would produce good trade in most businesses. Good trade would encourage further production. Further production would justify more National Dividend for everyone and very soon every person would be rescued from poverty.

WOULD THIS SCHEME HELP PEOPLE WHO HAVE LOST JOBS IN INDUSTRIES WHICH WILL NEVER REGAIN THEIR FORMER SIZE AND IMPORTANCE?

Certainly, for no distinction is made between employed and unemployed in the payment of National Dividend. Both receive it by virtue of being British citizens and by this means the unemployed in the few declining industries are able to enjoy a share of the prosperity created by the many flourishing ones.

WHERE WOULD THE MONEY COME FROM?

It would neither be borrowed from the banks nor taken from taxation but it would simply be created for the State by the banks and paid out by the State's direction.

WOULD MONEY CREATED IN THIS WAY BE ALL RIGHT AND HAVE REAL VALUE?

It would be perfectly all right and be as genuine as the money which the banks create to lend under the present system.

There is only one thing which makes money real and gives it value under any system, and that is goods and services that people desire. As long as you have the goods you have all you need to make money real and valuable, and as long as you have the goods you can go on creating money up to, but not beyond, the value of the goods.

WOULD NOT THE NATIONAL DIVIDEND LEAD TO INFLATION?

No: inflation can only occur if you allow more money than goods, in which case prices tend to rise.

The National Dividend arranges for the issue of money to the value, and only to the value of the output of desired goods. This is quite a different thing and prices cannot rise if the supply of goods rises with the increase of money. Competition then keeps prices down and business men add to their takings, not by raising their prices, but by increasing their sales.

WOULD NOT EACH ISSUE OF NATIONAL DIVIDEND LEAD TO AN INCREASE IN THE TOTAL AMOUNT OF MONEY IN THE COUNTRY UNTIL THE SUPPLY OF MONEY DID RISE ABOVE THE SUPPLY OF GOODS?

No, there are easy methods of collecting and destroying as much money as is necessary to prevent the supply of money from piling up in excess of the supply of goods. When money has served its purpose in securing the consumption of goods it can be collected and destroyed as easily as it can be created and issued.

Abolition of Poverty by Means of the National Dividend.

The Rt. Hon. Thomas Johnston

THE LABOUR PARTY AND THE NATIONAL DIVIDEND

WHETHER a social dividend could be paid from a private property system he did not know. And whether it was possible to pay it without inflation he did not know. But, at any rate, they must have a careful, immediate, and he would add, sympathetic, enquiry upon both points. They lived in an age of potential plenty where the powers of machine production were continually on the increase, and they would be compelled somehow or other to issue a buying power to consumers commensurate with that increase, under pain otherwise of leaving multitudes to starve in the midst of a glut of goods. When Mr. Asquith authorised a five shillings Old Age Pension to people with incomes under twenty shillings at age seventy, he was increasing the buying power of a very deserving section of the community, but he took his money out of taxation—that is he took it from the buying power of other people; and although some of the other people were so wealthy that they could not spend their surpluses there was no doubt, he thought, but that a mere transfer of wealth—socially desirable as it was on other grounds—did not add to the total buying power of the country: what, as he understood it, was claimed for the National Dividend plan, was that the buying power of the whole nation could be increased step by step with every annual increase in production; the sponsors of the plan did not propose a mere transfer of existing insufficiency; they proposed—and as they hoped without inflating prices—to increase the buying power of every family in the land whereby our capacity to consume goods would meet up upon our ability to produce. . . .

In Mr. Johnston's opinion, the duty lay upon the Labour Party as the special custodian of the interests of the poor to insist upon an immediate and authoritative, and he repeated, sympathetic, examination of the proposal.

Doubtless some of the proponents of the idea of the National Dividend were avowed anti-Socialists. That was really immaterial. The Labour Party must be big enough and visionful enough to seize and to attach every great idea which might contribute to the Co-operative Commonwealth and the extirpation of poverty.

Marshall Hattersley

THE idea of dividends for all is not new. The inadequacy of an unsupplemented wage system becomes more apparent every day, and the most obvious instance of the growing recognition of this fact may be seen in the Old Age Pension.

The Old Age Pension is granted to its recipient because he is a member of the Community. The facts that he is poor and old give him no *title* to the pension; they are merely arbitrary conditions restricting the number of recipients.

Work done and service rendered do not form the title to this payment; in fact it might almost be said that the less work done the greater the certainty of the pension. The title is simply membership of the Community.

This Age of Plenty.

Maurice Colbourne

THE Government, as the agency of the nation's policy and will, would ascertain the sum of money left over after allowing for the National (Price) Discount and would divide it equally among the population without distinction of creed, class, age, or sex. The resulting sum would be a National Dividend. . . . A nation which paid a National Dividend would be able to act impartially and justly. . . . Above all, such a nation would act mathematically and therefore accurately; keeping its book in order, it would keep its house in order.

At the same time . . . caution and common sense would have to be used in the initial application of the Scheme, and probably the first Dividend distributed would have to be much smaller than that warranted from the figures in the National Credit Account. Even so, erring almost grotesquely far on the safe side, it has been calculated that . . . a National Dividend of £300,000,000, or £75 per person [would be] distributable to every man, woman and child born and resident in Great Britain.

Economic Nationalism.

The Treasury . . . would distribute the money to the Producer by way of imbursement because the community would tell it to, in this administrative function the Treasury acting simply and solely, as the community's representative or agent. The actual form the money took would be immaterial: it might take the form of Treasury notes, of course, but seeing that the cheque method of payment is growing more and more popular, it would more likely take the form of Financial Credit and consist simply of figures credited to the Producer's account. . . . But whatever form the money took one thing is certain—it would not only be distributed by the Treasury but actually made, manufactured, created by it, too, the Treasury still functioning as the community's representative or agent. That is to say, the Treasury would not deal with this money or any other in the way it deals at present with money in general. To wit, *it would not borrow it. It would create it.*

Unemployment or War.

C. H. Douglas

THE DIVIDEND

WE have to recognise that there is an increasing number of people—a number which is bound to increase continuously up to the point where it forms the major portion of the population—which will not be required, for any considerable length of time of their lives, in the economic and productive

system at all. That is one of the facts that you have to face along the lines on which we are going—and the proper lines too.

Now then we have to arrange that those people can get goods without being employed. Our objective is not to employ those people but to dis-employ them and yet give them the goods. Now you can do that quite easily by something that we know as the dividend system.

If you have a dividend at the present time—if you are the owner of some of those very few shares existing in the world, still paying dividends—you are in fact getting a piece of paper which entitles you to a fraction of the production—not of the particular thing in which you have shares—but of the total production of the world. We have this pool of wealth, and if we extend this dividend system so that all of us who are not employed can have our dividend warrants, and those who are employed can be paid in addition to being employed, then we would have a state of affairs which exactly parallels the physical facts of the case, and nothing else.

The Use of Money.

GREAT BRITAIN, LTD.

IF we imagine a country to be organised in such a way that the whole of its natural-born inhabitants are interested in it in their capacity as shareholders, holding the ordinary stock, which is unalienable and unsaleable, and such ordinary stock carries with it a DIVIDEND which collectively will purchase the whole of its products in excess of those required for the maintenance of the "producing" population, and whose appreciation in capital value (or dividend-earning capacity) is a direct function of the real credit of the community, we have a model, though not necessarily a very detailed model, of the relationships outlined. Under such conditions every individual would be possessed of purchasing power which would be the reflection of his position as a "tenant-for-life" of the benefits of the cultural heritage handed down from generation to generation.

Social Credit.

THE AMOUNT

FOR the purpose of the initial stages, an arbitrary figure, such as one per cent. of the capital sum ascertained by the methods outlined in Clause (I) shall be taken, and a notice published that every man, woman and child born in the country and of approved length of residence, with the exception mentioned in the paragraph that follows, is to be entitled to share equally in the dividend thus obtained, which might be expected to exceed three hundred pounds per annum per family. It will be clearly understood that no interference with existing ownerships, so called, is involved in such a proceeding. The dividend to be paid monthly by a draft on the Government credit. . . . No payment of the National Dividend will be made except to individuals, and such payments will not be made where the net income of the individual for personal use, from other sources, is more than four times that receivable in respect of the National Dividend. The National Dividend will be tax free in perpetuity and will not be taken into consideration in making any returns for taxation purposes, should such be required.

Draft Scheme for Scotland.

A. L. Gibson

The Social Credit Proposals of Major C. H. Douglas, re-stated.

1. OPEN THE NATIONAL CREDIT OFFICE
2. APPLY THE JUST PRICE
3. ISSUE THE NATIONAL DIVIDEND

A nation's "Real Credit" consists in its ability to produce and distribute goods and services to its people.

This "Real Credit" is a social creation—"Social Credit." Whenever Real Credit exists it is permissible to create corresponding Financial Credit. Financial credit is a system of book-keeping, supplemented by "printed stationery" (£1 and 10- notes) and metal coins. Its creation is practically costless. Its purpose is to "account" the processes of production, and to effect the distribution of the products to the people. It is in this latter function that the Financial System is failing, because it obstinately refuses to adapt its basic principles to the conditions of a Power Age. Labour is a diminishing factor in production, more and more work is being done by machines, therefore the wage system cannot by itself ensure the purchase of all the possible products of industry. At present, rather than make the Financial System more scientific, i.e., more closely related to the real facts, civilized man is restricting production, and destroying vast quantities of real wealth, corn, cattle, fruit, coffee, which the people need, but which they lack money to buy. The "National Dividend," by supplementing wages, salaries and dividends, would ensure that this real wealth would be distributed, not destroyed. It would be a Dividend in Goods, operated by means of these proposals.

(1) THE NATIONAL CREDIT OFFICE

This would be a Department of the Treasury. At present there is no National Credit Office. There is a National Debt Office. The purpose of the new Department would be to keep a proper account of the economic activities of the nation, i.e., of its total production and consumption. Such an account does not at present exist. On the basis of the new Accounting the Treasury would regulate the issue and withdrawal of money through the existing Banking System, just as the Bank of England (a private institution) does now. It would do this in the course of administering the new Social Credit Principles which are designed to bring the Financial System up-to-date, and make it capable of dealing with the abundance and leisure which science is thrusting upon civilised man.

(2) THE JUST PRICE

A device for counteracting inflation, i.e., a rise of prices: and at the same time increasing the purchasing power of the people until it equaled the productive capacity of Industry. It does this by operating a Discount on all Retail Purchases. This Discount is calculated so as to give the People "credit" for having created new means of production—factories, machinery, etc. The existing Financial System has no accountancy mechanism for fully and directly reflecting this enrichment in the lives of the people. All it can do is to charge them for the use of the machinery. The rate of Discount is based upon the axiom that the real, the physical cost of Production is Consumption.

(These figures are merely illustrative and make no pretence of accuracy.)

If the figures were as shown, Retailers would be authorised to allow a DISCOUNT of 25 per cent. (3d. in the 1s.; 5s. in the £) to all Customers. This could be done in one of two ways:

- (i) By Retailers selling 1s. articles for 9d., and obtaining from the Treasury, through the existing Banking System, the discounts which they did not collect from their customers.
- (ii) By Retailers selling 1s. articles for 1s. and giving a "check" for purchases, just as the Co-operative Stores do now. When the Customers lodged these checks in a Bank, Savings Bank, Post Office Bank, or one of the big Banks, they would receive the Discount (5s. in the £) on their total purchases.

If Net Enrichment were found to be one-half of Total Enrichment the Discount would be 6d. in the 1s.

If there were no balance of Net Enrichment, because Impoverishment equalled Enrichment, there would be no Discount at all.

The money required to finance the Discount would be *created* by the Treasury. It would not be raised by taxation, or by loans. The backing behind it would be, not gold, but the ascertained increased power to produce the Goods and Services which the people need for a higher standard of living.

It could not produce "Inflation" because inflation exists only if the price-level is raised. The credits issued to finance the JUST PRICE would be issued only because a *reduced* price-level was in operation.

(3) *THE NATIONAL DIVIDEND—The response to Applied Science and the answer to "Unemployment."*

This would be an issue each week of an equal sum to each British-born man, woman and child; receivable by them as life-shareholders of "Great Britain Limited." The National Dividend would be a birthright. Each Birth Certificate would become a Share Certificate.

It would be paid out of money specially created by the Treasury, not out of taxation or loans, and would be in addition to any wage, salary or industrial dividend.

It would not be paid out of "profits" but would be a financial expression of the country's power to produce goods and services. As that power increased, and, in particular, as Applied Science reduced the need for "work," the National Dividend could be increased. If productive capacity decreased the Dividend would be reduced.

The Social Credit Proposals could be introduced gradually. In full operation they would provide an automatic balance between the people's purchasing power and the country's productive capacity. They would also provide a flexible financial mechanism by which any economic policy desired by the people, and within the scope of their productive capacity, could be fulfilled.

The Just Price Discount and the National Dividend are both social re-inforcements of the consumers' purchasing power. The Discount is the Key to Plenty, the Dividend the Key to Leisure. If one were specially applied it would be at the cost of the other. By means of a relatively large Discount and a small Dividend we could have great industrial activity and luxury. By making the Discount smaller and the Dividend larger, we could enjoy a life of leisure and simple plenty.

Poverty is unnecessary. Applied science has solved the problem of scarcity. For the first time since human beings appeared upon the earth, man is now at the threshold of the Age of Plenty and Leisure. Only money locks the door against him. Money costs practically nothing to make.

The Social Credit Proposals indicate the scientific principles on which it must be issued as income and withdrawn through prices, if industry is to prosper and the people are to enjoy economic satisfaction, security and liberty.

SUMMARY AND CONCLUSION

by

Montgomery Butchart

THE movement for the abolition of poverty is the modern form of a struggle that is as old as man. In primitive times and places the struggle was with nature and the goal was a bare subsistence. In our time the same struggle appears in a new form: to-day the incompatible forces of power production and an antiquated distributing system oppose man in his struggle for the realisation of that form of creative work called leisure.

By the end of the last century the struggle for freedom from subsistence labour and for security against want had been won, though for only a few, the wealthy. In 1908, however, the passage of the Old Age Pensions Act, recognising the right of the aged to the means of life irrespective of labour, extended subsistence and security to a far larger proportion of the population. Since then the fact has become generally apparent that this country has, especially since the war, become able to produce all that the population needs, and in addition enough to exchange with other countries for things that cannot easily be produced here.

And the fact has become equally conspicuous that this capacity to produce in excess of any real demand has been developed by dispensing with human labour and substituting power mechanisms. Unemployment, or leisure without the means of subsistence, has ceaselessly increased along with the capacity to produce the means of subsistence. Thus while the country has become ever more able to support its population at a high level of material comfort, the people as workers have become, as Sir Harold Bowden has explained, increasingly unnecessary to the producing system.

These facts would seem to indicate the necessity of recognising not simply in theory but in practice the right of every man, woman, and child to live, even though he draw no income from work. But the extension to the *whole* population of the right which is recognised for a *part* of the population in the Old Age Pensions Act has been long delayed by the non-appearance before the general public of the technical economic and financial mechanism for the distribution to the people of the available means of subsistence—the goods and services which the country is able to produce and maintain

in abundance with progressively less need for human labour.

THE NEW ECONOMICS

The present movement for the abolition of poverty by means of National Dividends has been made possible by the demonstrations of a number of writers that the distribution of goods and services in a world of more or less leisured people is technically feasible. Thus far and no farther the movement is identified with these technical schemes. It is not an outgrowth of any one school or scheme or party. In order, however, to summarise the semi-technical expositions in the body of this booklet we may outline the views of a number of writers whose books are generally grouped together as the "New Economics."

Without undue falsification one may epitomise the views of the New Economist by saying that he looks upon the nation as the "natural" economic unit—he sees the nation as a single unified political and economic whole. He observes that at any moment (and therefore at every moment) the income of the nation is less than the price of the nation's goods for sale. That is, the *total* which is found by adding together the prices of all goods and services for sale in the nation is always greater than the *total* found by adding together all the money in the nation available for buying those goods and services. Total national prices, he says, are to-day always greater than total national consumer income.

And the New Economist concludes that if the national power to purchase is always insufficient, the first economic problem to be attacked, if some form of social retrogression is to be avoided, is precisely that of equating national prices and national purchasing power. For if the nation as a whole suffers from lack of money available for consumption, we have in that fact an explanation of the plight of the average individual in the nation. The obvious question arising at this point, as to how the nation continues to function economically at all under these conditions, has been answered *in extenso* in the literature of the New Economics.

The New Economist would equate national prices and national power to purchase by increasing the national power to purchase—the national income. He would do this by empowering the State to create new money, free of debt, for that specific purpose and to the required amount. This new money is literally to be created: it is, to be quite specific, not to be borrowed from anyone, nor is it to be recovered in taxation.

This new money could be created by printing Treasury notes or national paper money in one form or another.

Preferably it could be created by starting a National Account Ledger, to be kept by some such organisation as the Royal Statistical Society, and entering upon the credit side of that ledger the sum at that moment required to equate national prices and national income. Mr. Gibson's article exemplifies this procedure.

As rapidly as the credit-money so created is distributed (in any of several ways to be discussed presently) to consumers who use it to purchase goods and services, the amount standing to the credit of the nation in the National Account Ledger is written down, as the Dean of Canterbury has explained.

The National Account is also the means of determining at the end of any accounting period the difference between national prices and national consumer income—that is, how much new money must be created to be distributed in the next accounting period.

DISTRIBUTION OF THE MONEY

This new money may, the New Economist says, be distributed to the people in either or both of two ways. The first is to divide a portion of it among the retailers of the nation in consideration of an equivalent reduction of retail prices. This plan is called variously the Compensated Price, the Just Price, or the Retail Price Discount. The Earl of Tankerville explains it admirably. In this procedure retailers would be paid the same price as now for the goods they sell, though part of the price only would be paid by the consumer, the rest being paid by the State out of the national credit—the new money.

The second way of distributing the new money is by giving a portion of it directly to consumers—the National Dividend—as a right of birth and citizenship. Such Dividends might reach the consumer as a cheque, Treasury or other, or as a notification that such and such an amount of money has been credited to his account in a Post Office or other bank. Except for the trouble and inconvenience involved it might quite conceivably reach him in the form of notes, or even in silver or copper token—coins.

In the opinion of several of the New Economists, the most feasible way of distributing the money would be by combining the two methods, issuing it in the forms simultaneously of Dividends and Retail Price Discount; for this dual-distribution plan, with its reduction of national prices, is a more than adequate guard against inflation. The Price Discount is useful as a barrier against inflation, but as a measure of relief it is not sufficient, for reduced prices are of no use to a man who has no money to buy goods at any price. The function of machinery being to abolish jobs and save men, the Dividend is necessary to provide money for those who, because machinery has abolished their jobs, are not in receipt of an income.

THE DIVIDEND

While the National Dividend is not a cure for *all* ills, it resolves the basic difficulties at present facing the people and the nation of Great Britain. The root difficulty of industry, agriculture, and commerce to-day is the incapacity of people to buy consumable goods and services. Supply that need and. . . . But need one explain all the benefits to individuals and the nation which would result? All problems would not be solved, but the most pressing and immediate problems would be, and no one in the country is unaware how pressing those problems are. The Dividend not only solves the immediate economic and political riddle, but it provides the indispensable means for the solution of other problems as they arise.

Nine out of ten men who now go insane or to prison are driven to extreme aggression—crime, or to extreme submission—insanity, by the extraordinary difficulty, amounting to impossibility, of making their income equal to the prices of their necessities. And for every man driven to insanity or crime there are a hundred, a thousand, hanging constantly on the dark verge. The Dividend will go far to reduce the populations of our prisons and asylums—and to keep them reduced. The reader will be able to multiply for himself, and almost indefinitely, the problems which will disappear forever with the inauguration of the Dividend.

But what is most significant in the payment of the National Dividend is its recognition of the civil right, the birthright, of every man to partake of the plenty the country is now capable of producing, and, since power mechanisms are displacing the workman and even the clerk and minor executive, to partake of it irrespective of paid employment.

To borrow a phrase from "Pontifex," of *The New English Weekly*, the National Dividend is to the Power Age what Old Age Pensions were to the Machine Age. It is a mechanism making Great Britain's potential ability to support her people in comfort and freedom from economic pressure something more than a mere potentiality. It is not only the means of subsistence; it is the way to freedom from want of every sort and degree—from that want which is to-day maintained only by destroying goods and curtailing production. It is the means for the distribution of goods rotting in ware-

houses or ploughed into the ground or burned or thrown into the sea, and it is the means for the distribution of goods which could be made or grown but that now none can buy them. While we are wasting the food and other goods which the poor and unemployed have not the money to buy, we are wasting their physical and mental powers—those powers which can only be preserved and enhanced by that food and those goods. In one act we waste food and humanity.

It has been no part of the purpose of this pamphlet to show how and why the National Dividend is, besides being a practical possibility, a necessity to prevent imminent social decline in one form or another. Those urgent reasons will be found in abundance in the writings, among others, of those who have willingly contributed to this pamphlet.

It has been, rather, the intention to explain from several points of view what is meant by National Dividends and how they may be paid as a right of birth, and without robbing the few Peters to pay the many Pauls. The National Dividend is like the Old Age Pension in its recognition of the birthright, and unlike in its not being paid out of taxation.

The National Dividend, it has been well said, is an Old Age Pension paid to the individual from the

day of his birth. Finally and pre-eminently the National Dividend is the means for the complete and final abolition of poverty from Great Britain and thereafter from the earth.

EPILOGUE

by

Philip McDevitt

THE National Dividend begins by placing at the disposal of the whole people the full productive power of the nation. It makes available the unrestricted use of the total cultural inheritance which the inventive genius of our forefathers designed. All past inventions were designed to increase leisure—not to decrease purchasing power—and they are the common property of all.

The National Dividend also provides for the use of every increase in production in the future. It links the past with the present hour in every age and it provides the means for distributing every advantage to mankind arising from his own inventive genius. The National Dividend uses both past and present to guarantee the future to all. It abolishes all forms of starvation-prevention doles, which are, at present, a crushing burden on every tax and rate payer. It lifts the dark shadow of the fear of want and "makes us free indeed." It makes the disemployed man a charge upon the machine which disemployed him—not on his already overtaxed fellow-worker, as now. It trebles the old-age provision and it makes the wife of the worker "a Woman with an Income."

The National Dividend is the poor man's Magna Charta of the Twentieth Century.

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