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TRAGEDY
of
HUMAN EFFORT

BY

C. H. DOUGLAS

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The Tragedy of Human Effort

By C. H. DOUGLAS

Notes for the address delivered at the Central Hall, Liverpool, on October 30th, 1936.

I SUPPOSE that there can be few amongst those of us who think about the world in which we live, and, perhaps, fewer amongst the more obvious victims of it, who would not agree that its condition is serious and shows every sign of becoming worse. Many must have asked themselves why the ability of scientists, organisers or educationists, brilliant and laudable in essence, seems to lead us only from one catastrophe to another, until it would appear that knowledge, invention, and progress, so far from being our salvation, have doomed the world to almost inevitable destruction.

How is it that in 1495 the labourer was able to maintain himself in a standard of living considerably higher, relatively to his generation, than that of the present time, with only 50 days' labour a year, whereas now millions are working in an age of marvelous machinery the whole year round, in an effort to maintain themselves and their families just above the line of destitution? Why is it that 150 years ago the percentage of the population which could be economically classed as of the middle and upper classes was two or three times that which it is at the present time? Why is it that while production per man-hour has risen 40 or 50 times at least in the past hundred years, the wages of the fully employed have risen only about four times, and the average wage of the employable is considerably less than four times that of a hundred years ago, measured in real commodities? How is it that the nations are given over to the dictatorship of men of gangster mentality, whose proper place is in a Borstal institution?

I have very little doubt that there are numbers of people in this room who could at once give a correct general answer to the preceding questions, and that it would take the form of an indictment of the financial system; and I should, of course, agree with this answer up to a certain point. They might add that no inventor is left in control of his invention, and that the financial octopus seizes everything with its slimy tentacles and turns it to its own use. But I do not think it is the kind of answer, however sound it may otherwise be, of which one can

make a great deal of use in that form.

You would find if you were to go outside the ranks of those who agree to it, a number of additional answers, not in themselves, any more valuable from the practical point of view, but which deserve some consideration if only by reason of the frequency with which they are advanced. There is, of course, the well-known and somewhat discredited suggestion that the inherent wickedness of human nature is at fault, and a change of heart is required, a suggestion, which, taken by itself and without qualification, seems to me, in view of its impracticability, to be the most pessimistic utterance which it is possible to make upon the situation. And there is the common tendency to rail at politicians and statesmen.

In a recent article from the pen of Dr. Tudor Jones, amongst much which is worthy of the attention of us all, there is a statement, no doubt specially valuable as coming from a biologist, to the effect that there is no evidence whatever to suggest that the human being of the present day is in any essential cleverer or more able than the human being of six or seven hundred years ago. I am particularly interested in this, because I have recently had access to some charters and other similar documents affecting the affairs of Scotland from the thirteenth to sixteenth centuries, which seem to me to possess an understanding of the realities of statesmanship at least as great as is evidenced at the present time. I am confident that the principles which ought to govern the management of the affairs of this world have been available for many centuries, and have been obscured to such an extent that the community's intelligence upon such matters is probably less now than it was a thousand years ago. For this reason, I trust you will bear with me if I endeavour to put to you my own understanding, in modern language, of these ideas.

PRINCIPLES OF ASSOCIATION

The first proposition which requires to be brought out into the cold light of the day, and to be kept there remorselessly, at the present time in particular, is that nations are, at bottom, merely associations for the good of those composing them. Please note that I say "at bottom." Association is at once the direct cause of our progress and of our threatened destruction. The general principles which govern association for the common good are as capable of exact statement as the principles of bridge building, and departure from them is just as disastrous.

The modern theory, if it can be called modern, of the

totalitarian state, for instance, to the effect that the state is everything and the individual nothing, is a departure from those principles, and is a revamping of the theory of the later Roman Empire, which theory, together with the financial methods by which it was maintained, led to Rome's downfall, not by the conquest of stronger Empires, but by its own internal dissensions. It is a theory involving complete inversion of fact, and is, incidentally, fundamentally anti-Christian, in that it exalts the mechanism of government into an end rather than a means, and leads to the assumption that individuals exist for the purpose of allowing officials to exercise power over them. It is in the perversion and exaltation of means into ends in themselves, that we shall find the root of our tragedy. Once it is conceded that sovereignty resides anywhere but in the collection of individuals we call the public, the way of dictatorship is certain.

If you agree with me in my views of this matter I shall not have much difficulty in carrying you with me to an agreement that the totalitarian state is more or less universal at the present time, although its form varies. Of its more crude and undisguised aspects, Italy, Russia and Germany are examples which occur at once to the mind. But it must be obvious that we are, in Great Britain, merely servants of an insolent and selfish oligarchy, which uses us and the scientific progress we inherit for purposes far from those which would be chosen by us as individuals. Such a state of affairs as we work under could be justified only if we had indisputable evidence that the organisation was controlled by the wisest and most beneficent of the race. I doubt if we are prepared to admit that.

Reverting to the question of culpability for the perversion of human effort which is so plainly evident, there is a strong tendency to suppose that a statement that the financial system is at fault, especially if accompanied by suggestions for its reformation, may be regarded as covering the ground of the problem. So far from this being so, the second proposition that I wish to emphasise to you, with no suggestion of its novelty, but a strong insistence upon the difficulty of obtaining recognition for it, is that action on or through an organisation involves three ideas – the idea of policy, the idea of administration, and the idea of sanctions, that is to say, power.

Because administration is the most obvious of these ideas, Socialism, so-called, has tended to concentrate upon the glorification of administration, which, to my mind-because

of the increasing pressure of Socialist ideology upon Government action – is a complete explanation of the ever more disastrous results in increased bureaucracy and other undesirable features from which we all suffer.

POLICY, ADMINISTRATION AND SANCTIONS

Now, while no action involving co-operative effort can take place without the presence of these three factors of policy, administration, and sanctions, and therefore they are all essential, and, in a sense, equally important, the first of them in point of time must be policy.

In regard to the objective of policy, as applied to human affairs, I can say nothing to you which has not been better said by the great teachers of humanity, One of whom said, "I came that you might have *life* and have it more abundantly." So far as I am aware, no great teacher of humanity has ever announced that he came that we might have better trade or more employment, and I am wholly and irrevocably convinced that while we exalt a purely materialistic *means* into an end, we are doomed to destruction. In other words, the aim of the *human individual* is ultimately a totalitarian aim, a statement which, if it is correct – that is to say, if it is true that our best interests are served by our ultimately taking a general and effective interest in everything – is, in itself, the negation of the idea of the totalitarian *state*. There is an old and very true saying "*Demon est deus inversus*" – "the devil is God upside down" – and many phenomena in the world confirm it.

In regard to administration, I do not propose to say very much beyond the fact that it is and must be essentially hierarchical and therefore it is a technical matter in which the expert must be supreme and ultimately autocratic. There is more accurate and technical knowledge of administration in any of the great branches of scientific industry than there is in all the socialistic literature or bureaucracies in the world.

The foundation of successful administration, in my opinion, is that it shall be subject to the principle of free association, which will, in itself, produce in time the best possible form of technical administration. If the conditions of work in any undertaking, and the exercise of authority are ordinarily efficient, and there is in the world any reasonable amount of opportunity of free association, such an undertaking will automatically disembarass itself of the malcontent, while being obliged to compete for those whose help is necessary to it.

On the other hand, if there is no free association, the natural

inertia of the human being and the improper manipulation of methods and aims will make an undertaking inefficient, since there is no incentive to reform. The idea that administration can be democratic, however, is not one which will bear the test of five minutes' experience. It may be consultative, but in the last resort some single person must decide.

But, at the present time, there is no question that it is in the domain of sanctions that the human race is involved in its great difficulties.

Although the idea may be repulsive to many who have not faced the realities of life, physical force is the ultimate sanction of the physical world. Moral, intellectual, and emotional considerations unquestionably go to the determination of the use and direction of physical force, but, in the last resort, the last squadron of bombing aeroplanes will have its way when all the navies, armies, and aerial fleets of the world are destroyed, and in the last event the problem of sanctions is to obtain control of that last squadron.

So far as the present situation is concerned, the regular forces of the realm are the last sanctions of law and order within the realm, and law and order can be identified with the operation of the financial system as it exists at the present time. There is no serious financial reform which can be inaugurated within the framework of the present legal system, except by those in *control* of the existing financial system. There is no intention whatever on the part of those in control of the existing financial system to change that system to their disadvantage, and there is no effective change to the financial system which can be made without depriving its present controllers of their absolute power. I believe the foregoing statements to be axiomatic, and any form of strategy or argument which traverses any of them would certainly seem to me to be lacking in realism.

The problem, then, is to obtain a change in the financial system of such a nature that it is bound to be against the will of those controlling the financial system at present, and such a change can be induced only by the possession of the ultimate sanctions of the realm, that is to say, control of the navy, the army, and the air force, now controlled by these same controllers of finance. The problem, in fact, is a problem of the victory of political democracy, that is to say *democracy of policy*.

MEANS OR ENDS?

To understand what I believe to be the only effective

strategy to be pursued, we have, first of all, to recognise that though we do, beyond question, possess the rough machinery of political democracy, we do not use it. It is not democracy of any conceivable kind to hold an election at regular or irregular intervals for the purpose of deciding by ballot whether you will be shot or boiled in oil. It is not democracy of any conceivable kind to hold an election upon any subject requiring *technical* information and education.

Nothing could be more fantastic, for instance, than to hold an election on, say, whether aeroplanes or airships would be better for the purpose of defence, or for any other purpose. Yet the information which is required to give an intelligent opinion on the use of tariffs or monetary policy is at least of as high an order, and is, in fact, in the possession of far fewer people, than the thorough knowledge of aerodynamics necessary for an election on aeroplanes versus airships. So that the first requisite of a political democracy is that its operation shall be confined to objectives, not to methods.

For instance, it is a perfectly legitimate subject for the exercise of political democracy to decide by democratic methods a policy of war or no war, but it is not a subject for democracy to say *how* war should be avoided, or the *means* by which it should be waged. It is, however, a fit subject for democracy to remove responsible persons who fail to carry out its policy, and the responsibility for that action is on the democracy concerned. It will be seen, therefore, that the question of practicability is an essential part of a genuine democracy; that is to say, democracy should not demand something which cannot be done, and should be prepared to accept the consequences of what is done, and to assess responsibility for those consequences. Undesired consequences may result from bad technical advice and management, or they may on the other hand be inherent in the policy pursued.

In other words, a genuine political democracy must essentially be a device based upon trial and error. A political democracy which will never try something which has not been tried before is useless, because things which have been tried before can be reduced to the routine of administration, and administration is not susceptible to the democratic principle, in which it is wholly out of place.

PRESENT OBJECTIVES

The problem before the world and, in particular, the problem before this country, therefore, is plain, though difficult.

First, we have to know how to bring into our consciousness what sort of a world we want, and to realise that we alone can get it, not in detail, but in objective; and I might say at once that there is not one person in this room who is secure in the world that he now has.

In my opinion, we want, first of all, security in what we have, freedom of action, thought, and speech, and a more abundant life for all. Every one of these is possible, and everyone of them in the present state of progress of the world can be reduced to the possession of more purchasing power, so that it is not too much to say, even though it may sound banal, that the first objective of a democracy should be a national dividend.

A second aspect of the problem has been clarified by the courageous utterance of the Lord Chief Justice, Lord Hewart, in his objections to the encroachments of bureaucracy. If I may restate them – the business of bureaucracy is to get us what we want, not to annoy and hinder us by taking from us by taxation and irritating restrictions those facilities which we otherwise should have.

Thirdly, and most important, we have to obtain control of the forces of the Crown by genuine political democracy.

I do not wish to go over again a subject which I have dealt with at some length elsewhere, but I might, perhaps, reiterate the absurdity of the present conception of Parliament as a place in which highly technical laws are dealt with by elected representatives who did not in any case draft them, and who cannot possibly be expected to understand them. You may be interested to know that no Bill can proceed from any department of the Government direct. Every Government Bill has to be drafted by the legal department of the Treasury, which we all know to be in effect a branch of the Bank of England, thus making it certain that no Bill can come before Parliament which interferes in any way with the supreme authority of the Treasury and that private international institution, the Bank of England.

In place of this we have to substitute a situation in which the Member of Parliament represents not the technical knowledge or lack of it of his constituents, but their *power over policy* and their right to the use of the sanctions by which policy can be enforced. The proper function of Parliament, I may perhaps be allowed to repeat, is to force all activities of a public nature to be carried on so that the individuals who comprise the public may derive the maximum benefit from

them.

Once the idea is grasped, the criminal absurdity of the party system becomes evident. The people of this country are shareholders in it first, and employees of it only secondarily, if they are employees. Can anyone conceive of a body of shareholders consenting to the party system in their business? And this idea is just as applicable to undertakings carried on by the state as in the case of so-called private business. As shareholders we have an absolute right, and a right which by proper organisation we can enforce, to say what we desire and to see that our wishes as to policy are carried out, if those wishes are reasonable, that is to say, if they are practicable.

Let me go further. We have an absolute responsibility to express our wishes; and the catastrophes, crises, and miseries with which the population is faced and is experiencing, and the stultification of all the magnificent work which is done in the various departments of industry and national activity, are directly due to the fact that we do not express a common policy as to the use and distribution of the fruits of progress, and do not recognise our responsibility to see that it is carried out through our *political* (not *administrative*) representatives.

We, in the Social Credit movement, devoted many years, and very properly devoted those years, to making quite certain that the policy of the fuller life was a practical policy. For this reason we put forward various technical theories, in part somewhat elusive and difficult to understand, and requiring, in any case, for their proper criticism, an exact and competent knowledge of the mechanism of finance and industry as they exist in the world to-day. No one can complain that we have not had criticism enough, and, in some cases, criticism of a very high order, mixed, of course, with a good deal of what I can only describe as bilge. I am wholly satisfied that there is nothing impracticable in the demand which I suggest should be put forward, and a quite sufficient number of instructed persons agree with me.

But we recognise that, its practicability having been proved, the problem is a problem of power, and we recognise equally that political power must rest upon aims and desires and not upon technical information. So far as I am concerned, therefore, I am satisfied that further argument upon technical matters will achieve little or nothing, and certainly not in the time which is available, and that the only hope of civilisation lies in forcing a new policy upon those who have control of the national activities, of whom the bankers and financiers are

by far the most important.

We do not want Parliament to pass laws resembling treatises on economics. What we do want is for Parliament to pass a minimum of laws designed to penalise the heads of any great industry, and banking and finance in particular, if they do not produce the results desired.

LICENSING FINANCE

I will be specific. I think that the chairmen, superior officials, and branch managers of all banks, insurance companies, and other financial institutions should, as is the case with smaller pawnbrokers, be licensed. The fee for such a licence should be moderate (say £100) if the individual retained his post indefinitely. For every change in the personnel within a period of, say, five years, not due to death or disability, a very substantial increase in the licence should be imposed. The general policy to be pursued by finance should then be imposed by Parliament, and no interference with the *details* of banking, insurance or other finance be permitted.

If the *policy* imposed by Parliament is not achieved within a reasonable time, a sufficient number of chairmen and other officials of financial institutions should have their licences withdrawn, and the very greatly enhanced fees (I would suggest 1,000 times the original licence) exacted for the new licences should be applied to the reduction of general taxation.

I have no doubt whatever that some such policy as this would brighten the brains of bankers who are unable to see any way out of our present difficulties.

You will have gathered, I hope, that in my opinion the tragedy of human effort implied in the questions with which I commenced this address, arises more than from any other single cause from a failure to distinguish between means and ends, amounting in many cases to the elevation of what are only means to ends in themselves.

We have got ourselves into a state of mind in which pepper is not something to put on an egg; it is something for bank chairmen to make a "corner" in. It is a failure of vision which, more than anything else, is due to the hypnotism that money has exercised upon the human mind. But the rule of the expert is far from blameless. An expert is essentially a servant of policy, and we all know what comes of "a servant when he ruleth." The cure for it is to begin by demanding that whatever virtues are inherent in money shall be shared;

and, in order to make this claim, it must be established that the claimant has the right and the power to enforce it.

THE WEAPON TO HAND

We of the official Social Credit Movement are concentrating upon this problem of devising a mechanism, to enable the individuals who comprise the public to impose their policy on the organisations which have no sound reason for existence other than the will of the people. We have organised a device known as the Electoral Campaign, to obtain a demand, backed by a sufficient number of votes, that every Member of Parliament shall regard himself as the spokesman of the policy of his constituents, rather than as an expert elected for the purpose of managing the business of the country.

The Electoral Campaign is a *means* and not an end. The end is, in general, the putting of the expert in his proper place, and, in particular and only as a beginning, the distribution of a National Dividend. Any other means which will produce the same results in a shorter time will be utilised. So far, no such means have been suggested.

There is, in Liverpool, an organisation which deals with this matter, as in fact there are organisations all over the world, and all of them are acting on these lines and are affiliated to the Social Credit Secretariat. Personally, I have no doubt whatever that if the policy which I have outlined were pursued by every voter through the mechanism which is provided, with one-tenth the energy which is put by the average individual into his favourite game, the whole outlook of the world would be changed within twelve months' time.

I am equally convinced that if control of *policy* is left in the hands of bankers and industrialists with their present mentality, while at the same time parties, organizations, and individuals wrangle about *means*, a world catastrophe is a mathematical certainty within a few years.

Neither I nor any other individual can help you if you will not help yourselves, and neither I nor any other individual who has endeavoured to arouse you to a sense of responsibility can take that responsibility from you.

You are responsible for the poverty, grinding taxation, insecurity and threat of war. Yours is the responsibility, yours can be the power.

Will you, individually and collectively, assume the responsibility and the power? If not, there is no legitimate ground for hope.

Notes of Questions following the Address and Major Douglas's Answers to them:

THE POWER OF FINANCE

Asked by whom supreme power was at present being exercised, in default of its assertion by the people as a whole, Major Douglas gave it as his opinion that the international acceptance houses might be regarded as the financial coterie that now exercised supreme power.

THE POWER OF THE PEOPLE

Once the people realised that they can exercise supreme power, said Major Douglas, they would no more think of specifying methods of achieving any particular result than a man armed with sufficient purchasing power would think of telling his tailor how to cut the suit of clothes he wanted. The people's sovereignty, *i.e.*, their effective ability to give orders, increased with their unanimity, and if people all wanted a uniform result there could be no possibility of parties, and there could be no resistance to their demand.

THERE MUST BE AGREEMENT ON POLICY

Question: It follows from what Major Douglas has said that it is essential that the public should agree on policy. Is it conceivable that the public can ever be united on any policy?

Major Douglas answered that this would depend upon the nature of a specific demand, and he thought that a policy which would command universal agreement would be a demand for security, sufficiency, freedom, and the removal of the fear of war. Even if there were anyone who did not want any of these things for other people, there was no one who did not want it for himself and few who would refuse it because of its problematical ill-effects on others.

That, in substance, was the demand which was being canvassed in the Electoral Campaign. Actual canvassing from house to house had shown that at least 60 per cent. of those canvassed readily agreed to the definition of their policy contained in the Electors' Demand.

That was a conservative estimate, for in many cases upwards of 90 per cent. agreement had been obtained.

It was essential to obtain agreement on policy, and if in any association such as a nation, it was not possible to obtain agreement on policy, then it became imperative that the association should break up into smaller units, until in any unit the policy was agreed. He remarked that this was exactly the opposite of the current attempt to make the national problem into a world problem.

JUDGING EXPERTS

Question: How can you trust the expert to carry out a policy when he might use methods which were in themselves

harmful?

Provided you were demanding results, replied Major Douglas, you could judge by results; but if an expert used methods to rectify a situation which were worse than the situation they were supposed to rectify, you would know that he was a bad expert. If an expert said that he could distribute food to you only at the price of cutting off your right hand, you would be justified in sacking the expert

THE EXPERT'S JOB

Question: Does not the removal of an expert before the desired result is produced amount to interfering with the expert?

Major Douglas's reply was that obviously the time allowed to an expert to produce a given result must be commensurate with the magnitude of the operation, but that at the end of that time the removal of the expert was something quite different from interference with him. It was the only practical method of dealing with any situation involving experts. It is the way businesses are run. What you must not do is to allow an expert to dictate a policy, that is, he, as an expert, must not be allowed to say what has to be done. His job is to do what you specify.

MOST DANGEROUS MAN

The most dangerous man at the present time, said Major Douglas in answer to another question, was the man who wanted to get everyone back to work, for he perverts means into ends. This is leading straight to the next war which will provide plenty of work for everyone.

CONSCIOUS SOVEREIGNTY

Question: Is it not true that in totalitarian states, such as Germany, experts have been told to produce results?

It is not the people who have specified the results that they want, said Major Douglas, but the dictator; and the assumption of dictatorship is that the dictator knows what is good for the people. As a theory of government this is similar to the idea that you must have strict supervision to see that the girls in a chocolate shop do not eat the chocolates, whereas as everyone knows, it is quite unnecessary, because after the first orgy which makes them sick, they tend not to eat chocolates.

There is too much attention paid to the material aspects of these matters. What is important is that we should become conscious of our sovereignty —that we should associate consciously, understanding the purpose of our association and refusing to accept results which are alien to the purpose of our association. We must learn to control our actions con-

sciously and not act at the behest of some external control of which we are not conscious. That is exploitation, and is similar to the behaviour of an insane man led to the edge of a precipice because he has no control over his own actions.

A NATIONAL DIVIDEND

In answer to a questioner who said that the demand for a National Dividend, was a demand for a means, Major Douglas said that the essence of the Electoral Campaign was an assertion of sovereignty of power. We must demand something concrete. In order to be effective it was necessary that the demand should be for something reasonable. A demand for a National Dividend was not necessarily a demand for money, but for a share in what we know exists or could be made to exist, without taking anything away from anybody. That was a reasonable demand.

ABOUT THE AUTHOR

The late Clifford Hugh Douglas, M.I.Mech.E., M.I.E.E., consulting engineer, economist, author, and founder of the Social Credit Movement, was born in 1879 and died in 1952. Among other posts which he held in his earlier years were those of engineer with the Canadian General Electric Company, Peterborough, Canada; Assistant Engineer, Lachine Rapids Hydraulic Construction, Deputy Chief Electrical engineer, Buenos Aires and Pacific Railway; Chief Engineer and Manager in India, British Westinghouse company; assistant Superintendent, Royal Aircraft Factory, Farnborough (England). During the First World War he was a Major in the Royal Flying Corps and later in the R.A.F. (Reserve).

After retiring from his engineering career he and his wife ran a small yacht-building yard on Southampton Water for several years. The combination of beauty with functional efficiency in a successfully designed racing yacht had a special appeal for him. When he lived in an old water mill in Hampshire he used the water wheel to turn a dynamo which lit and warmed the house as well as providing power for lathes and other tools. Later, when he moved to Scotland, many of his friends and followers remember helping to build his small hydro-electric powerhouse, sited on the local burn which ran through his land. Since decentralisation of economic power was of the essence of his teaching, it should be put on record that he practised what he preached.

One of his most interesting jobs, just before the 1914 War, was that of conducting preliminary experimental work and preparing plans and specifications for the electrical work on the Post Office Tube In London, with later supervision of the installation of plant in what was to be one of the earliest examples of complete automation in the history of engineering. While there were no physical difficulties about the work, he used to get orders from time to time to slow it up and pay off the men. When the War came, however, he noticed that there was no longer any difficulty about getting money for anything the Government wanted.

It appears that he was sent to Farnborough in 1916 to sort out 'a certain amount of muddle' in the Aircraft Factory's accounts, so that he had to go very carefully into the costing. This he did by introducing what were then known as 'tabulating machines' – an approach which anticipated the much later use of computers, and which drew his attention to the much faster rate at which the factory was generating costs as compared with the rate at which it was distributing incomes in the form of wages and salaries. Could this be true of every factory or commercial business?

Douglas then collected information from over 100 large businesses in Great Britain, and found that, in every case except in businesses heading for bankruptcy, the total costs always exceeded the sums paid out in wages, salaries and dividends. It followed that only a part of the final product could be distributed through the incomes disbursed by its production, and, moreover, a diminishing part as industrial processes lengthened and became more complex and increased the ratio of overheads to current wages. Unless this defect in monetary bookkeeping were corrected (which in his view was perfectly practicable) the distribution of the remainder must depend increasingly on work in progress on future products (whether wanted or not) financed by loan credit, export credits, sales below cost leading to bankruptcies and centralisation of industrial power, or by consumer borrowing. The result must be predictably disastrous –in fact, the modern dilemma between mass-poverty through unemployment and growing inflation, debt and monopoly, with waste of human effort and the earth's

resources to maintain 'full employment', requiring continuous economic 'growth' and economic warfare between nations leading towards military war.

This original engineer's approach, which regarded 'the monetary system much as Douglas, a former railway engineer, had regarded the ticket system, as a mere book-keeping convenience for the efficient distribution of the product, was completely alien and unacceptable to the economic theorists of the day. Only one Professor of Economics (Professor Irvine of Sydney) expressed agreement with it, and he resigned his post shortly afterwards. This general condemnation by the economists was, however, along two different and contradictory lines, viz.: 1. that the cost-income gap was an illusion likely due to Douglas's failure to realise that the costs all represented sums paid out at a previous date as wages, salaries, etc. ignoring the time factor which was the essence of his analysis; and, 2. that it was, on the contrary, a glimpse of the obvious, of no significance whatever, since this was the immutable way in which the monetary and economic system must work for the stimulation of new production and the maintenance of the level of employment – i.e., ignoring Douglas's radically different objective of production for the consumers' use, and not for 'employment' or other monetary objectives.

When the Great Depression of the 1930's grimly confirmed Douglas's diagnosis and gave him a world-wide reputation and following, his critics explained that he had mistaken a temporary lapse for a permanent defect in the monetary system; but subsequent events have, by now, so continuously fulfilled his predictions that this criticism is no longer credible. Despite rejection by the Economic Establishment of the day, Douglas was called upon to give evidence before the Canadian Banking Enquiry in 1923 and the Macmillan Committee in 1930, and undertook several World Tours in which he addressed many gatherings, especially in Canada, Australia and New Zealand, and also at the World Engineering Congress in Tokyo in 1929. In 1935 he gave an important address before the King of Norway and the British Minister at the Oslo Merchants' Club, and in the same year he was appointed Chief Reconstruction Adviser to the 'United Farmers' Government of the Province of Alberta, Canada, which later in the year elected the first Government to bear the title 'Social Credit'. The Canadian Federal Government, however, frustrated all attempts to implement Douglas's advice by disallowing the legislation, some of which was passed, and disallowed, twice; after which, although the Party remained in power for over 30 years, it progressively abandoned the principles on which it was first elected. It should be placed on historical record, as a precedent, that two 'provincial dividends' of little more than token value, were nevertheless paid at one period to the citizens of the Province, and that, while still acting under the advice of Douglas's representative, the province paid its way without further borrowing, and drastically reduced the Provincial debt.

This diversion of Douglas's ideas into the dead-end of Party politics has received far more publicity than the original and experimental approach to politics which is signposted in his later speeches and writings from 1934 onwards, notably in his five major speeches in England: *The Nature of Democracy*, *The Tragedy of Human Effort*, *The Approach to Reality*, *The Policy of a Philosophy*, and *Realistic Constitutionalism*. In 1934 a Social Credit Secretariat was formed under his Chairmanship, which started an Electoral Campaign involving the use of the vote for purposes desired by the electors rather than by Parliament or the political Parties. This was followed by a highly successful local Objectives Campaign along similar non-party lines, and a lower Rates and Assessments Campaign which saved the British ratepayers many millions of pounds

without loss of services, by reducing loan charges. The Second World War put an end to these activities on an organised national scale, and dispersed them, with the Social Credit Movement, into a decentralised force, better adapted to the present crisis of World centralisation,

In the final phase of his life, roughly from 1939 to his death in 1952, Douglas consolidated his ideas in depth, contrasting very clearly the philosophy which underlies them with that which activates the Monopoly of Credit. Although the best known of them, which have already exercised considerable influence in the World, lie, in the economic sphere: the concepts of real credit, the increment of association and the cultural inheritance, and, the proposals of the National Dividend and the Just or Compensated Price – his political ideas, though as yet little known, are, if anything of greater Importance. They were always worked out with a characteristic practicality, taking account of the feed-back from the course of events. No one else has thrown so much light on the true nature of democracy, as distinct from the numerical product of the ballot box; on the need for decentralised control of policy and hierarchical control of administration; on the freedom to choose one thing at a time, on the right to contract out, on the Voters' Policy and the Voters' Veto. In his last address, given In London to the Constitutional Research Association in 1947, he put forward his last proposal for the rehabilitation of democracy: the Responsible Vote, in which the financial consequences of his open electoral choice would be, for a time, differentially paid for by the voter in proportion to his income – a literally revolutionary suggestion which demands an inversion of current ideas about anonymous, irresponsible, numerical voting.

Hugh Gaitskell, a former Leader of the Labour Party, once sarcastically described Douglas as 'a religious rather than a scientific reformer'. Perhaps he was more right than he knew! It may be that Douglas's thinking on the subjects of philosophy, policy and religion, and the special meaning he gave to those words, will turn out to be his most valuable contribution to the restoring of the link between religious belief and the principles which govern Society. In his view, a 'philosophy', i.e. a conception of the universe, always expresses itself as a 'policy' – a distinctive long-term course of action directed towards ends determined by that 'philosophy'. 'Religion' (from the Latin *religare*, to bind back) is not just a set of beliefs such as are expressed in the Christian creeds (which constitute a 'philosophy') but is precisely the 'binding back' of these ideas to the reality of our lives, not only individually, but in the political and economic relationships of our society.

The policies of centralisation and monopoly now being imposed upon the World through the closely related agencies of Finance-Capitalism and Marxist Socialism derive from a 'philosophy' fundamentally different from, and opposed to, that of Trinitarian Christianity, which was, however imperfectly, expressed in our Constitution, our Common Law, and the progress towards personal freedom which had been made, especially, in Britain and the Commonwealth. At the time Douglas first put forward his ideas and proposals for carrying forward this traditional policy to its next stage, its Christian basis could be taken for granted as mere 'common sense'. Now, that can no longer be taken for granted, and it has become necessary consciously to distinguish the policies at work in our Society, and to relate them to the fundamental beliefs which gave rise to them. In this sense, therefore, 'Social Credit' is the social policy of a Christian 'philosophy'; and before the end of his life, its founder made this explicit, rather than, as in its beginnings, implicit.

The Institute of Economic Democracy

The Institute accepts the following as fundamental truths:

- The true end of man can only be sought through self-development. Self-development is impossible without genuine freedom of choices and the acceptance of personal responsibility.
- Real freedom is impossible without economic freedom.
- The true purpose of production is to supply as efficiently as possible the requirements of the individual as freely indicated.
- A system of private ownership and free competitive enterprise produces more efficiently the material requirements of the individual.
- Consumer control of the production system, which is economic democracy, can only be exercised through the “money vote”.
- All monopolistic policies tend to undermine economic democracy.

Decentralisation of economic and financial power are therefore essential for economic democracy.

The Institute of Economic Democracy is a specialist division of the Canadian League of Rights.

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