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THE ³ NATURE

OF

SOCIAL CREDIT

An Address to the National
Dividend Club of London
at Kingsway Hall, on
June 24, 1936

BY

L. D. BYRNE

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Foreword

THIS booklet is not intended to be a comprehensive statement of the case for Social Credit. Its purpose is to serve to indicate the far-reaching scope of the social concept which it embraces.

This address, given by L. D. Byrne in June, 1936, to a public audience in London (England), provides material for the critical reader to assess the soundness of the basic principles of Social Credit philosophy, as expounded at a time when it challenged every tenet of orthodoxy, in the light of subsequent world developments.

For a study of the subject, the reader is referred to the works of Major C. H. Douglas listed on the inside back cover.

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The Nature of Social Credit

THERE is a curious belief, from which even the Social Credit movement is not entirely free, that Social Credit consists merely of a set of financial proposals for rectifying a faulty monetary system, and that it is essentially a monetary reform scheme to be considered with such schemes as those of Gessel, Soddy, Taylor Peddie, Eisler and others. Out of this view has grown an even more curious idea that all it is necessary to do in the present situation is to get out what is termed a Social Credit Plan—by which is meant something in the nature of a Parliamentary Bill embodying these financial proposals—and that, without any alteration in the social, political or economic life of the country, this plan can be superimposed on the existing situation—like, for instance, tariff reform or an increase in income tax—and everything in the garden will be lovely.

These views are not only ridiculously incorrect but they are highly mischievous; yet they are likely to persist until there is a wider and a clearer appreciation of the *nature* of Major Douglas's message to the world, as distinct from a detailed understanding of its several aspects.

I.—THE WORLD IN REVOLT

Probably the most important feature of the present situation, and one which has received too little attention, is the universal revolt in which most of us are participants. Practically the entire population of almost every country in the world is in a state of revolt.

This revolt takes many forms. Wage earners are in revolt against the conditions of work; employers against the restrictions and difficulties under which they are forced to operate; taxpayers against the crushing burdens imposed on them; the unemployed and destitute against the hopelessness of their lot; entire communities against too much government—and so on.

Though this revolt takes many forms, fundamentally it is the revolt of individual men and women against an unsatisfactory state of affairs. Revolt is a perfectly healthy and natural human reaction against an unsatisfactory environment. In a society in which all is well, the people are contented and revolt does not occur. But if the social environment is unsatisfactory then revolt arises, showing a desire for change. As the environment becomes more unsatisfactory, so the revolt increases in volume and intensity, generating forces which finally impel change.

Thus revolt is the herald of change. And the world revolt, which is growing day by day, is evidence of vast and fundamental changes to come. It is incontrovertible evidence of the inevitability of change. It is useless for Mr. Neville Chamberlain or Mr. Brown of Peckham to say: "But I don't want any change. Besides we are the envy of the world. And really we are getting along nicely." The change is inevitable. It must come.

And so long as people remain blind to this fact, the more surely will the growing forces of revolt rush us headlong to disaster. For if revolt is allowed to develop blindly, being held in check and thwarted in the urge for a change of environment, the forces generated will grow in intensity until the environment becomes intolerable, when all the pent-up fury will be directed towards destroying the intolerable environment. History is rich in examples of the death and destruction which have resulted from the unleashing of the fury of blind revolt, bent upon destroying an intolerable social environment, and they all go to show the folly of our friend Omar Khayyam in saying:

“. . . could thou and I with fate conspire
To change this sorry scheme of things entire
Would not we shatter it to bits and then
Remould it nearer to the heart's desire.”

Invariably the shattering and remoulding processes have resulted in no fundamentally better social environment.

This is the road the world is treading today. The blindly developing forces of revolt are hurrying us to the inevitable climax of death and destruction, but this time on a scale which may well destroy the fabric of civilization.

* * *

Yet there is another aspect of revolt. It is a curious human characteristic to resist change except under the stress of necessity. Fear of the unknown is still strong in man's make-up. Revolt is evidence that change is desired. If the forces of revolt, instead of being allowed to develop blindly, are harnessed objectively to bring about a deliberate and conscious change from an environment unsatisfactory to individuals within society to one satisfactory to them, then instead of facing disaster, we should be hurrying towards that new civilization with its unlimited opportunities for human advancement which we know to be possible in this age of plenty upon which we have entered.

There is the choice: Disaster—because we will not recognize the inevitability of change in time—or deliberate and conscious action to ensure that the change is the one we desire. But, you will ask, how can the forces of revolt be harnessed to bring about deliberately and consciously such a fundamental change? What change can be made which all want? How are we to alter the social environment? Social Credit supplies answers to all these questions.

II.—THE NATURE OF SOCIAL CREDIT

I want you to follow me closely in what I am going to say. It is fundamental to all that follows.

Social Credit is just what its name implies. It is the credo or belief inherent in society that its individual members in association can get what they want. A moment's reflection will convince you that this must be the essence of any social organization. Whether it is an association for promoting interest in gardening, or a movement for some sort of reform, or whether it is a nation, what makes the individuals within the group enter into willing association with each other is the belief that their efforts are being directed to secure the objective they desire.

If the individuals within the group find they are not getting what they want, then there will be danger of the group disintegrating and the disintegration of a community is a pretty terrific affair. That is what is taking place all over the world today.

You will realize that it is important there should be a clear understanding as to the social objective—what it is that people want. While the possible wants of a community might be numerous and varied, there are two clear social objectives which members of every community always have and always will want before all else. They are the two things which each one of you want first and foremost from the society in which you live. These are **personal security and personal freedom.**

* * *

In order to get what they want the individuals in a community have to organize themselves. Organization, as those who have to do with it will appreciate, is an exact science. The principles of scientific social organization have been laid down by Major Douglas and are termed Social Dynamics.

There are broadly three separate aspects of social life; although distinct, each influences the others. They are (1) the housekeeping or economic, (2) the legislative or governmental, and (3) the cultural or spiritual.

SOCIAL DYNAMICS HAS TO DO WITH THE FIRST TWO—the economic and the governmental. *These two branches of Social Dynamics are quite distinct,* as we shall appreciate if we will consider the purpose of each—*bearing in mind the social objective of personal security and personal freedom.*

THE ECONOMIC (OR SOCIAL HOUSEKEEPING) SYSTEM has to do with providing the material wants of the people. Therefore its purpose is to deliver goods and services as and when and where they are required. Nothing else. That is the sole function of the economic system.

THE LEGISLATIVE OR GOVERNMENTAL SYSTEM has to do with the rights of individual members of society and their relationship to one another. Its function is to ensure that the collective will of the people prevails in all matters affecting the rights of individual members of society, their relations with each other, and the relations of the group with other groups. Within this function is included what is broadly termed the maintenance of law and order.

III.—SOCIAL ORGANIZATION

Before we proceed to consider the working of these two branches of Social Dynamics, I want to clear the ground a little further. There are, speaking generally, two forms of organization—pyramidal and democratic.

THE PYRAMIDAL TYPE OF ORGANIZATION is so termed because it can best be conceived as authority at the apex of a pyramid imposing its will through various executives upon the general body of persons at the base. An example of the pyramidal organization is the organization of any modern industrial concern as, for instance, the Ford Motor Company.

THE DEMOCRATIC TYPE OF ORGANIZATION can best be conceived as a circle, the centre of the circle being the administration and

the circumference the democracy. The administration at the centre is carried out in accordance with the will of the circumference, and, quite automatically, the personnel is displaced from its administrative positions if it fails to give the democracy at the circumference what it wants.

The essential difference between these two forms of organization is that in the pyramidal form the will of the executive at the apex is dominant; whereas in the democratic organization, it is the will of the people at the circumference of the circle which is all powerful.

* * *

Bearing in mind that the purpose of social organization is to give effect to the belief of the individual members of society that in association they can get what they want, the only conceivable form of organization to be adopted is the democratic type, which gives effect to the will of the democracy.

But this form of organization has its limitations. It will be obvious that it would be useless to apply this form of organization to building a motor car, or to the administration of a railway. The democratic form of organization can be applied only when it is possible to ascertain the collective will of the people, and this collective will can be expressed only by a number of persons as to *whether or not* a thing shall be done. It cannot be expressed in regard to *how* it shall be done.

Having decided that a thing *shall* be done, the most effective manner in which the individuals in the democracy can then ensure that their collective will (their decision) shall prevail, is to ascertain which of their number is prepared to assume personal responsibility for giving effect to it, and being satisfied with his qualifications, to place that person at the apex of a pyramidal organization and take instructions from him. If he does not deliver the goods in accordance with their will they should have power to remove him and put someone else in his place.

As Major Douglas has put it with his usual clarity and brevity:

“In respect of any undertaking, centralization is the way to do it, but it is neither the correct method of deciding what to do or of selecting the individual who is to do it.”

* * *

You must forgive me for labouring this question of social organization. I assure you that it is fundamental to an understanding both of Social Credit and of the present world situation.

If you have followed me so far you will readily see that, *in the two branches of Social Dynamics, what is required is economic democracy, and legislative or, as it has to do with matters of national policy, political democracy—each operating to serve the individual members of the social organization to get what they want, with, first and foremost, a social objective of personal security and personal freedom.*

IV.—ECONOMIC SYSTEM

Let us proceed to examine these economic and legislative systems in

the light of the present situation. We will deal first with the economic system.

I want you to bear in mind that the economic system has to do with national housekeeping. Also that the purpose of the economic system is to distribute goods and services to the community as, when and where required—that and nothing else.

The chaotic world situation today is dominated by what is known as the economic paradox of poverty in the midst of plenty. The outstanding fact of our times is that we live in an age of plenty. There is a wealth of evidence in support of this fact, which is now widely recognized, but I will content myself with one quotation only—it is from "World Chaos," by Wm. McDougall, for he puts the matter in such a lucid form. He says:

"Through the aid of physical science our powers of production have reached a very high point of efficiency; an efficiency such that, if the whole machinery of production could be set working at full speed, every human being might be lapped in luxury of the most elaborate kind at the cost of a modest expenditure of human energy."

The important words in this statement are "a modest expenditure of human energy."

Our ability to produce this abundance is due to what is termed Power Production. It is because man has learned how to harness the energy of the sun stored up in coal and oil, to drive huge machines, that these abundant resources are available to us. As we have learnt to perfect this process, improve organization and bring to our aid the scientific knowledge of food cultivation which has kept pace with industrial progress, so the need for human toil in the sphere of production has steadily diminished.

This situation is an entirely new one in human history. For some six thousand years man has been building up civilization. But until a few years ago his efforts have been directed to overcoming an environment of scarcity. From the time that man first harnessed the energy of beasts, of the wind and of running water to his service, he deliberately set out to overcome scarcity and the drudgery of incessant toil to satisfy his material wants.

He was striving for an economic environment of absolute security with the minimum of labour, so that he might be free to develop in other directions. He has been striving towards a goal of plenty with a minimum expenditure of human energy. And today he has attained his goal.

The fact of *plenty for all* being available means that it is physically possible for *all to have security*. And because it is available with a modest expenditure of human toil it means that *secure leisure*—that is ECONOMIC FREEDOM—for all is also possible.

V.—OUR CULTURAL HERITAGE

These conclusions should be obvious. And it should be equally obvious that this personal security and personal freedom is the *right* of every individual member of the community to which it is available.

Our abundant productive resources are due to the wonderful processes which we can employ. Power production, organization and science combine to give us plenty. The knowledge and the resources which make this possible are not due to the efforts of any particular section of the com-

munity. They are not due to the efforts of this generation or the last four or five generation. They have come down to us through the ages. Generation after generation, century after century—and, until recently, slowly but steadily—man has been fighting a winning fight against scarcity. Each generation has inherited the accumulated knowledge and resources of the past, exploited them and passed them on.

Thus every generation is the heir of civilization. And every community has at its disposal the knowledge and the resources passed down to it. These comprise a cultural inheritance to which no individual members of a community can lay a prior claim. *Every member of the community is a co-heir with his fellow-members to this inheritance.*

Now the community as a whole has to exploit its inheritance. To the extent that it can successfully do so, to that extent will it benefit. Suppose, by the perfection of organization and the development of harnessing the vast sources of natural energy, it was possible to produce everything that the community wanted with one per cent of its available man-power. To whom would the production belong? Certainly not the one per cent. Except for the common cultural inheritance and the association of all the individuals within the community, the one per cent would be impotent. The fruits of the exploitation of the *communal inheritance* belongs to the *community* as a whole. Apart from any special system of reward for the one per cent, who may be the actual minders of machines and producers, **the balance of the production constitutes a dividend on a common inheritance in which all should share.**

If the percentage is increased from one to sixty, the principle still holds good. There is an unearned increment of association arising from the common cultural inheritance which gives every member of the community, whether working or not in producing the wealth, the right to a share in the production.

If, under such conditions, plenty for all is available to an extent which would give every member of the community complete economic security, then a dividend on the common inheritance of every individual member should constitute an unqualified claim on a share of the total production at least sufficient to ensure security. That is the position today.

* * *

Thus we find that not only is plenty available to us, so that security and freedom for all is possible, but that these are the birthright of every man, woman and child. Yet far from security and freedom for all we see on every hand insecurity in the extreme and progressive loss of freedom. Foul conditions of human life arising out of acute poverty, the slow starvation of millions who are in want of bare necessities and increasing repressive legislation are the order of the day.

Our rich inheritance is being withheld from us. The abundance which could be produced to give security and freedom to all is being deliberately restricted and destroyed.

I will not weary you with the examples of food destruction, of schemes for preventing people from producing, of idle factories, of the breaking-up of wealth-producing and wealth-carrying mechanisms. These are now only too familiar to a sickened and bewildered world. This sabotage of our inheritance has come to be one of the chief activities of governments.

The position can be summed up by a mind-picture in which we see on the one hand, factories and farms able to pour out almost unlimited

quantities of all the goods we want, of transport systems capable of transferring them to where they may be wanted, and of shops eager to pass them on to consumers; on the other side of the picture we see the mass of people unable to take the goods out of the shops though almost desperate for want of them. And the only thing which keeps the people from the abundant supply of all their material requirements is the lack of the claims we term money, by means of which alone they can transfer the goods out of the shops and into their homes.

Now this rule that people can obtain goods only by presenting these money claims is an entirely man-made rule. Money is a man-devised system for facilitating the production and distribution of goods and services. It is an elaborate ticket system for keeping the nation's housekeeping accounts. It is one of the many ingenious inventions of the human mind.

By placing prices on goods and distributing money, people are enabled to present their claims for the particular goods they want. Money is thus, in a condition of abundant production, a method by which people are enabled to *choose* what they want. In this way money is also a voting system—it gives people an *economic vote*. But you will realize it is important that the money tickets available to buy the goods should be equal to the collective prices of the goods. Otherwise the goods cannot all be distributed.

Besides being an economic voting system, money today, owing to the complexity of our economic life, is a license to live. To the extent that you have money, you have security. You can do and use things. But if you find yourself without money—that is without any claim on the available production—you are reduced to a state of complete impotence. You can hardly move.

VI.—THE MONETARY SYSTEM

It is a rule that this money—these claims on production—shall be distributed, in the main, only for work in the economic field. In order to get any claim on production, service must be rendered. The rest of the community can obtain claims on production only from those who receive incomes in this way.

The crass insanity of this rule should be immediately apparent in the light of what we have been considering. For we have an industrial system which is eliminating the necessity for human beings to toil in producing the things they want, while concurrently claims on this production are distributed only to those who do. **This rule becomes criminal when we realize that every member of the social organization has an inherited right to a share in the production, at least sufficient to provide security and freedom in the economic sphere.**

However, we are considering the economic system. This question of the distribution of incomes to secure a share in production other than as rewards for services in the economic sphere has to do with the legislative or governmental system. It is essentially a question of the rights of individual members of society. We must therefore leave it until we come to deal with this aspect of Social Dynamics.

A further explanation of the monetary mechanism reveals that the absolute control and issue of money is in the hands of a highly centralized private monopoly. This private monopoly has the sole right to create and issue the community's money, and it exercises complete control over monetary policy. Moreover, it issues all money only in return for a lien on the nation's wealth. I want you to realize the significance of this.

According to the rules under which we work our economic system, money represents actual wealth. It possesses this quality because it is the visible form in pieces of metal or paper, or in figures, of the credo or belief inherent in a community, which belief makes it a functioning entity.

A community has "credit" if there is a functioning industry, a consuming public and a stable government. The measure of this credit—this real credit—is the rate at which the community can produce goods and services for its use. The monetization of this credit represents the drafts being made by the community upon its real credit, and this enables an accountancy record to be kept of what is taking place in the economic sphere.

It will be appreciated that the credit of the community is essentially communal property and, as the policy of governing its monetization influences the rights of individuals within the group and their relationship to each other **control of monetary policy is essentially a function for the executive of the governmental system in accordance with the will of democracy.**

Yet we find that a highly centralized private monopoly—centralized in the sense that its organization is a pyramidal one—has usurped this function of government.

VII.—FINANCIAL TYRANNY

The Social Credit analysis of the financial system reveals that not only has the financial monopoly—which is not merely centralized nationally but internationally—usurped this sovereign function of government, but in its control of the monetary system it deliberately restricts the monetization of the communal credit. By such restriction it restricts every phase of economic life, so that, with unlimited resources to produce, the community is not allowed to produce all it could.

Further, the system operated by this financial monopoly is such that the average rate at which money claims are distributed as buying power to the individuals within a community is consistently less than the average rate at which prices attaching to production are generated. This gives rise to an increasing deficiency of buying power, with the result that the community as a whole cannot have free access to even the limited production permitted. While the technical proof of this, which Major Douglas has established beyond doubt, is a matter for close study, the world situation furnishes overwhelming evidence that the system operates in this way.

For instance, at the present time the threat of war stalks the world. There is probably not a person in this country or in any Western country who, at heart, does not recognize that modern warfare is a dirty, mean, insane and degrading undertaking. In spite of this universal loathing of war, the situation is daily developing to a clash of nations on a scale which may destroy civilization. The reason is simple. War does not threaten. We are at war. There is not a person alive who has known peace. Only the war which is being waged at present is what we term "fighting for foreign markets". It is an economic war. Every nation is striving to force its exports on other nations and at the same time keep out their goods.

This struggle for foreign markets arises from the inability of producers to sell in the home market. Also the efforts of each country to discourage imports is due to the necessity of protecting the limited home market against invasion by other nations seeking export markets.

This economic war is waged with the weapons of tariffs, embargoes, export subsidies and so forth. But as this fight becomes fiercer in the economic field, so the situation develops to one in which bombing planes, poison gas, howitzers and battleships will replace the economic weapons.

This shortage of buying power also accounts for the widespread poverty in the midst of plenty, of the growing burden of debt, of increasing taxation, and all the major features of the present world chaos.

This is the policy and this is the system being operated by this private international financial monopoly. Now suppose that you personally have had the sole monopoly right to monetize the country's credit; that you and you alone have been permitted to issue money, and that any person daring to enter into competition with you has been imprisoned.

Suppose you have consistently issued only an arbitrarily limited quantity of this money—always insufficient to allow the people to become independent of you. Suppose you have issued it only in the form of loans repayable on demand by you, and that you have been able to grant loans to people and for undertakings of which you approved, and to withhold money from persons and undertakings of which you disapproved. And suppose the system you operated always left the people with insufficient to deal with their goods as they wanted, so that they became increasingly indebted to you.

Under these conditions you would have a stranglehold on the nation and you would be a supreme dictator. You would be at the apex of a pyramidal structure. And because you had this complete authority in the economic sphere, the economic system would also be the governmental system. Having absolute power over all the people in the country, you would be the supreme government in every sphere. Your will would be law.

This would be tyranny with a vengeance, you will say. But that is exactly the position in the world today. **This private international financial monopoly by its complete control of monetary systems has complete power over entire communities and over governments. It is a tyranny. And step by step it is entrenching itself more strongly with the clear objective of establishing an open world-tyranny of finance, and the destruction of even the limited national sovereignty of states which exists.**

What we have to realize is that persons who have this power—and you cannot disassociate persons from the system—are relentlessly pursuing their objective, even though men, women and children are being driven mad, and are experiencing the most terrible suffering as a result of their administration, even though the world is in danger of going up in flames and civilization being destroyed for centuries.

These persons, who may be charming to take tea with or join for a game of golf, are social criminals of the worst possible type. **They have been guilty of robbery with violence, and of murder on a scale unequalled in the annals of man.**

Such are the men who have assumed sovereignty over us and they are not going to surrender their power willingly. No tyrant ever has or ever will. They will rather see the blood of millions poured out and the smoke rising from the ashes of civilization before they will surrender their stranglehold on the world.

Yet if we are to survive they must be made to do so. But how?

VIII.—ECONOMIC DEMOCRACY ESSENTIAL

You will realize that this issue comes within the domain of government. It has to do with the legislative or governmental system, for it is

a matter affecting the rights of the people and their relationship to each other. We are still considering the economic system, the sole purpose of which is to distribute goods and services as, when and where they are required. If this purpose is to give effect to the objective of society, the form of economic organization necessary is the democratic type. In other words economic democracy is essential.

At the present time a pyramidal economic organization is in operation. A group of persons has seized control at the apex. And the economic system is being used as a system of government—a tyrannical or pyramidally controlled government in which the many have to conform to the will of the few. Before this can be altered and economic democracy established, the rights of people in the economic sphere must be established within the governmental system.

However, before we proceed to the governmental system let us consider the mechanism which can be used to give us economic democracy.

* * *

Now it is an illusion to imagine that any social mechanism, such as the economic system, can be turned upside down and completely altered in the space of a few weeks. The interlocking organizations of industry, transport, distribution, banking and so forth have evolved over a long period of time. The law of evolutionary development is of the natural order. Moreover, it is just common sense to desire that any change should be made with as little shock as possible to the rhythm of social life.

We know that the productive and distributive mechanisms, apart from the monetary system, are available to produce the results desired. We have seen that the restriction of social life in the economic sphere is effected by the policy and by certain faults connected with the monetary system. As I have emphasized, the policy lies outside the domain of the economic system, but the mechanism for giving effect to this policy and the nature of the technical faults are essentially questions to be settled within the economic system.

Using token figures merely for purposes of considering principles as distinct from technique, the Social Credit analysis reveals the fact that the system works at present so that at any given time there may be goods on the market with price labels attached to them amounting to, say, 3,000 monetary units, while the community possesses, say, only 1,000 monetary units with which to purchase them. There is a deficiency of buying power of 2,000 monetary units. To enable the goods to be acquired by the community it is necessary to issue to the people 2,000 additional monetary units of buying power.

IX.—PRINCIPLES OF ECONOMIC DEMOCRACY

The genius of the technical financial proposals of Social Credit lies in the manner in which this fault in the monetary system is used to secure the objective of economic democracy.

Let us assume that within the governmental system the rights of the individual members of the community have been established (a) to define economic policy, (b) to assure security and freedom in the economic sphere by unqualified claims on a share of production, representing the unearned increment of association due to each as a dividend on the common cultural inheritance.

This is postulating that a body of technical experts is in existence, and that these experts are under the effective control of the community in

regard to policy. Their responsibility to the community will be to give effect to that policy.

There are, let us suppose, 3,000 monetary units of goods, and only 1,000 monetary units of buying power in the possession of the community—a deficiency of 2,000 monetary units. Every member of the community has an equal right with others to an unqualified claim of a share of the available production.

Let us assume, also, that the national authority has authorized the creation and distribution of 1,000 monetary units as an equal dividend to every member of the community, whether working or not, whether in receipt of any other income or not. This *should* achieve the objective of giving every person security and freedom within the economic sphere. But under existing conditions this objective would be nullified if nothing else was done, for those controlling the price mechanism would be able to increase prices and corner the benefit which it is intended to confer on all alike.

There is still a deficiency in buying power of 1,000 monetary units, for only 1,000 units have been allocated for National Dividends. Suppose the body of experts applied this 1,000 units to effect a reduction in prices, that is, they authorized retailers to sell their goods at two-thirds of the retail price as now computed, and on condition that they adhered to a fair agreed ratio of profit on turnover, the difference between the selling price and the full price would be made up to them out of the 1,000 monetary units left over. Prices to consumers would fall and the possibility of inflationary results be excluded.

This would enable the community to purchase all the goods available. Total prices in the consumers' market would be 2,000 monetary units, total buying power 2,000 monetary units. And the price system would be under control sufficiently to prevent any exploitation of the community, without imposing any regimentation on anyone, or discouraging personal initiative.

Now all I am concerned with is to illustrate the principles embodied in the technical financial proposals of Social Credit. To anyone who wishes to study the technique itself with a view to becoming an expert in this branch of the subject, a wealth of literature is available.

* * *

Before passing on to the governmental system I want you to consider the results in the economic sphere of distributing a National Dividend as a right to every man, woman and child.

A National Dividend will give security to all. The fear of unemployment, the fear of poverty, poverty itself will disappear. Whether we like it or not we must face the fact that the present wage system by itself is a system of slavery. If you can say to a man "you must accept these conditions within the economic sphere for this wage, or you will starve," you have the most terrible weapon of dominating human life in your hands, and that man is a slave. National Dividends will destroy this power of money over human life.

Because workers in industry will have national dividends they will have some say in the conditions under which they are prepared to work. The man whose administration of a factory commands the affection and respect of his fellow-men will attract the best workers. The anti-social industrial administrator will find himself without anyone willing to work under his direction. As the dividend increases, so the money voting power of the community will become more effective. Because of the greater

freedom in buying certain goods and refraining from buying others, control of the type and quality of production will be assumed by the community.

Thus the democracy of the circumference will decide what shall be produced and who shall produce it, and the administration at the centre will be in the nature of an elected aristocracy of producers serving and dominated by a democracy of consumers. Economic democracy will be a reality.

X.—GOVERNMENTAL SYSTEM

We assumed that certain rights of individuals within the social organization had been established in the domain of the legislative or governmental system. We must now turn our attention to this aspect of Social Dynamics. You will remember we laid it down that the purpose of the governmental system should be to make the collective will of the members of the social organization prevail in all matters affecting their rights and relations with each other. The form of organization must, therefore, be such as to establish the sovereign right of the community in regard to all matters concerning its social life. Only the democratic type of organization will achieve this.

In the sphere of economic democracy we considered how the mechanism of money can be used as a voting system whereby the dynamic of the collective will of the democracy at the circumference can be effective in deciding who shall be the administrators at the centre, and in ensuring that administration shall conform to the demands of democracy—that is, give democracy what it wants. The money vote is used to demand results—a particular kind of food, a particular form of car and so on. In the economic sphere democracy is concerned only with what shall be done and who shall do it. It is not concerned with *how* it shall be done. It is concerned with results, not methods. The methods are left to the administration. This is a question of the allocation of responsibility. If democracy wants a particular type of car—that is, a particular result—and if Mr. Spink undertakes to provide it, then Mr. Spink is responsible to democracy for producing what it wants. The method he employs to get the result is his personal responsibility.

These principles are of the very essence of democratic organization and the core of Social Credit. They apply with equal force in the sphere of the governmental system as they do within the economic system. And just as in economic democracy people are provided, through money, with an effective voting system to enforce their will in regard to economic matters, so it is necessary in political democracy that they should have an effective voting system to enforce their will in the domain of government.

Such a system confers upon the members of the community—THE PEOPLE—sovereign power in all matters concerning the social life of the community, for it is in the sphere of government that all questions affecting the *rights* of the members of the community are dealt with. And if the social body *has* such an effective mechanism for ensuring that the dynamic of its collective will prevails within the sphere of government, there will be effective administration of the *entire social organization*—in accordance with the WILL OF THE PEOPLE—in the spheres of government, economics and the cultural or spiritual life of the community. This would constitute a true democracy—a Social Credit Commonwealth.

It should be clear that a question of priority arises. The Social Credit order can be described as true democracy in all aspects of social life by the organization of society in accordance with the principle of Social Dynamics.

The purpose of the organization is to enable society to gain its objective. First and foremost in order of priority, its objective is personal security and personal freedom for its individual members. While the *reality* of this personal security and freedom can be established only in the domain of the economic system, the *right* of the individual members of the community to this can be established only in the domain of the governmental system. **Thus political democracy must be established as a means of securing economic democracy.**

XI.—ESTABLISHING POLITICAL DEMOCRACY

At the present time the world is in revolt because of the lack of security and freedom. In this country, as in many other countries, we have a democratic constitution. That is to say **THE PEOPLE** have the constitutional right to exercise sovereignty in the domain of government. This right to sovereignty has, in default of its exercise by **THE PEOPLE**, been usurped by a gang of power maniacs. By exercising control of a pyramidally organized *economic* system, the private monopoly of international financiers has rendered the *governmental* system *ineffective* to perform its proper function. This has been achieved by dividing the community into camps in the governmental sphere, and allowing them to have a voice only in matters of minor importance. The purpose of this is to give an illusory impression that political democracy is the governmental system; whereas effective government under these imposed conditions is enforced through the economic system controlled by finance at the apex.

Now not only do **THE PEOPLE** of democratic countries possess the constitutional right to enforce their collective will in the domain of government, *but they possess the necessary mechanisms* to do so. What **THE PEOPLE** in these countries do not understand yet in any large numbers is how to use the mechanisms at hand to get what they want.

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The world is in revolt because **THE PEOPLE** lack security and freedom.

Security and freedom are being withheld by a tyranny which has seized control of the world.

The right of sovereignty over their social life exists in every so-called democratic country today.

All that stands between **THE PEOPLE** and economic democracy is to establish this sovereignty in the domain of government. To do this **THE PEOPLE** must take the initiative in imposing their collective will upon their legislatures. *They must make their will prevail in regard to what they want first and foremost.* What we know they want is personal security and personal freedom in the economic sphere. But they must establish their rights to these results in the domain of government. By using the political voting system for the proper purpose of demanding the results they want, **THE PEOPLE** can automatically ensure that they will get those results, as we have seen from the nature of a true democracy.

Suppose for example **THE PEOPLE** of this country assert their sovereign right in the domain of government to demand that everybody shall have security and an unqualified share in the national production without penalizing anyone. As soon as this collective will of the community forces itself on Parliament it automatically establishes these rights for every person in the country. It then becomes the function of experts within the sphere of the economic system to give effect to these rights.

Thus the establishment of true political democracy would automatically lead to the establishment of economic democracy. This would be a Social Credit order—that is to say, society would then be organized on the basis of its inherent belief that its individual members in association can get what they want.

* * *

Great as the power of the financial tyranny is, it cannot prevail against an awakened democracy. The power of finance would collapse like a pricked bubble before the irresistible force of the objectively directed **WILL OF THE PEOPLE** in the sphere of government, backed, as it would be, by the strength of the armed forces of the country.

The war clouds are gathering. Civil disorder rends many countries. Poverty and tyranny have us in their grip. As the forces of revolt develop *blindly* the world is being rushed to disaster. *Only the deliberate and conscious direction* of these forces of revolt along the lines indicated can save our civilization.

“. . . it is difficult to believe that the whole world is so bereft of sanity that a pause for reflection is too much to hope for, pending a final resignation to utter catastrophe.

“When that pause occurs mankind will have reached one of those crises which no doubt have frequently been reached before, but which so far have failed to avert the fall of humanity back into an era of barbarism out of which new civilizations have slowly and painfully risen.

“The position will be tremendous in its importance. A comparatively short period will probably serve to decide whether we are to master the mighty economic and social machine that we have created, or whether it is to master us; and during that period a small impetus from a body of men who know what to do and how to do it, may make the difference between yet one more retreat into the Dark Ages, or the emergence into the full light of a day of such splendor as we can at present only envisage dimly.

“It is this necessity for the recognition of the psychological moment, and the fitting to that moment of appropriate action, which should be present in the minds of that small minority which is seized of the gravity of the present times. To have a clear understanding of the principles which underlie the problem is essential to those who may hope to play a part in its solution . . .”

“*Social Credit*”—C. H. Douglas, pp. 198-199 (Third Edition).

WHAT TO READ

By C. H. Douglas:

Credit-Power and Democracy.

Warning Democracy.

*Social Credit - - - - - \$1.00

*The Monopoly of Credit - - - - - 1.00

Economic Democracy.

*The Use of Money - - - - - .15

The Tragedy of Human Effort.

*Approach to Reality - - - - - .10

*The Nature of Democracy - - - - - .10

OTHER AUTHORS:

*The A.B.C. of Social Credit - - - - - .30

—Holter

*Economic Nationalism - - - - - 1.00

—Colbourne

*Victory Without Debt - - - - - .25

—Barclay Smith

FOR REFERENCE:

*The Douglas Manual - - - - - .60

(Compiled by Philip Mair)

*These publications are obtainable from The Bureau of Information, Legislative Buildings, Edmonton, Alberta, at the prices listed above.

