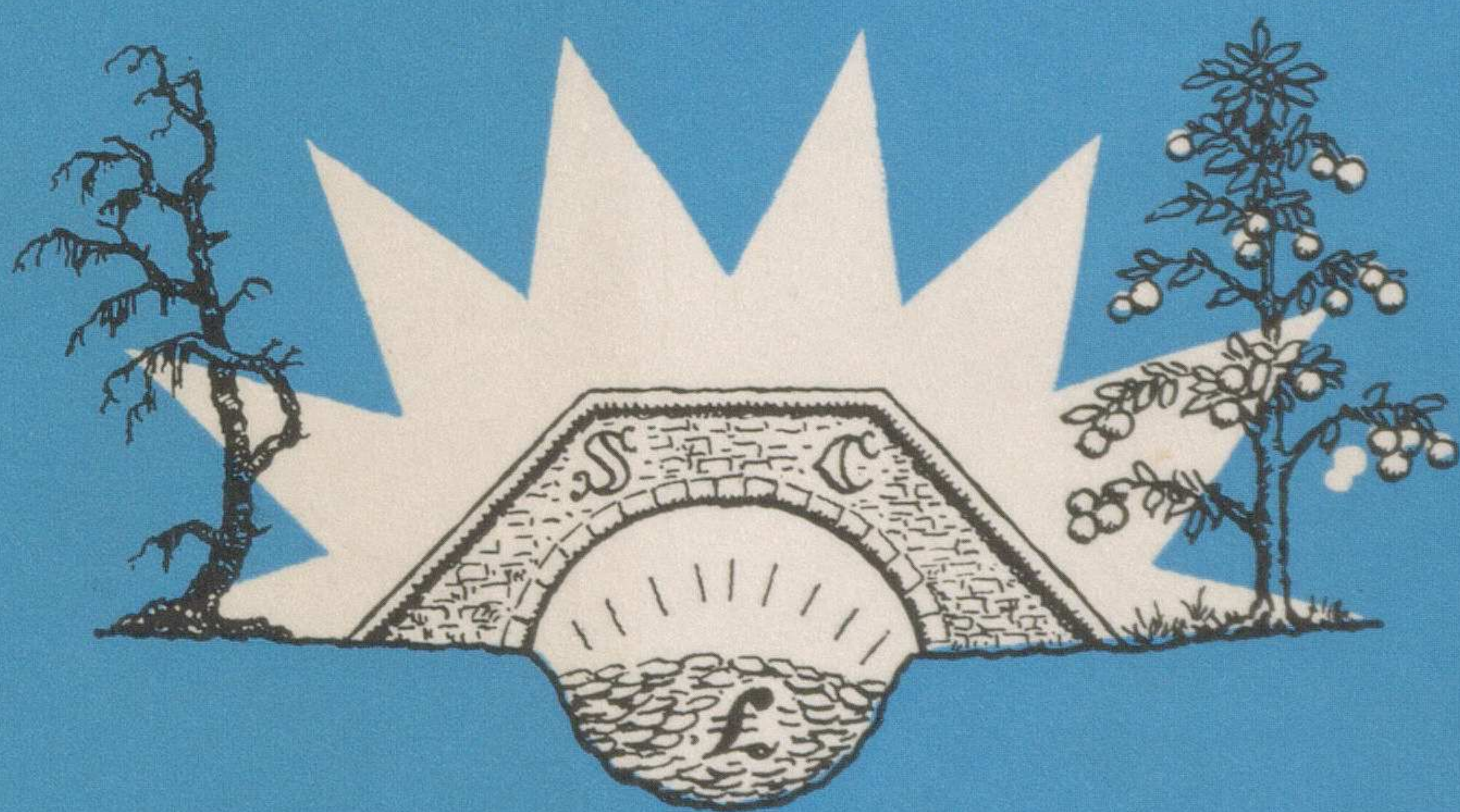


**FIFTY YEARS OF
SOCIAL CREDIT**



C.H. DOUGLAS

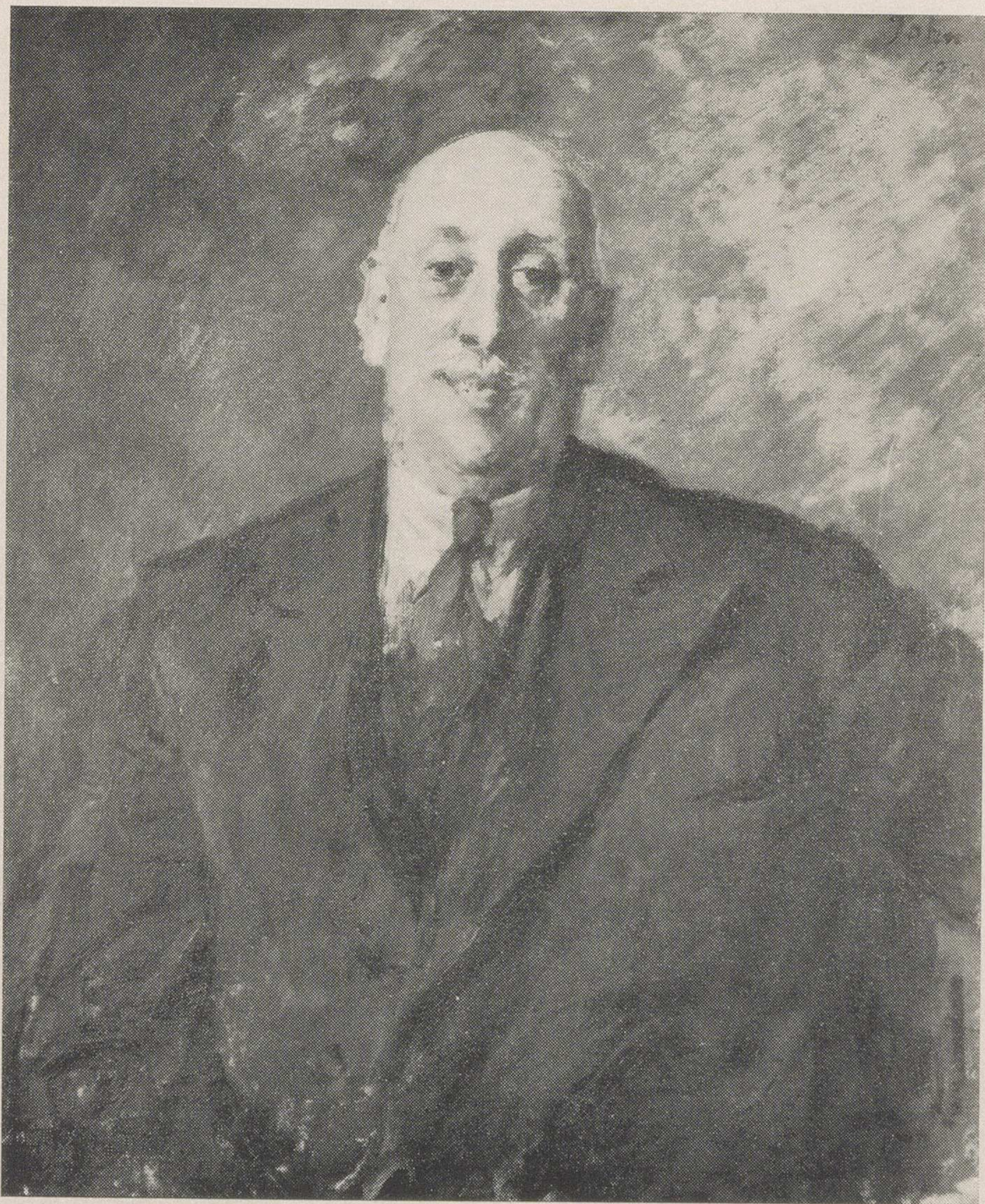
*Designer of the Bridge
from Want to Abundance*

C. H. DOUGLAS

The late Clifford Hugh Douglas was born in Scotland in 1879, and graduated from Cambridge University with honours in mathematics. He entered the profession of engineering. He was on the staff of the Westinghouse Company of America; in India he was Chief Reconstruction Engineer for the British Westinghouse Company; in South America he was deputy Chief Engineer of the Buenos Aires and Pacific Railway Company; returning to England, he became Railway Engineer of the London Post Office (tube) Railway and was engaged in the construction of an underground railway between Paddington and Whitehall. Douglas then became Assistant Director of the Royal Aircraft Works at Farnborough. After the First World War, he became a yacht manufacturer. He was a Major in the R.A.F. (Reserve).

An important influence on Douglas was his association, in India, with Comptroller-General J. C. E. Branson, who gave long monologues on the subject of credit. Branson had become convinced that the melting down and recoinage of Indian money under the influence of the quantity theory of money was a superstitious rite. He assured Douglas that "silver and gold have nothing to do with the situation, which depends almost entirely upon credit". Douglas' mind was thus early centered upon credit. As Assistant Director at the Royal Aircraft Works, at Farnborough, Douglas investigated the costing system there. While engaged in this work, he reached those conclusions and developed those theories which today are known as Social Credit. These ideas were originally put forward during 1918 in "The Delusion of Super-production", an article written by Douglas and printed by the *English Review*, and which first appeared during 1919 in *The New Age* under the editorship of A. R. Orage.

Until his death in 1952, Major Douglas was Advisory Chairman of the non-party, non-class Social Credit Secretariat which he founded in 1933 to act as the authoritative channel for the transmission of his political and economic advice and as a means to achieve realisation of true Social Credit policy.



C. H. DOUGLAS:

from the painting by Augustus John in the Walker Art Gallery, Liverpool.

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C. H. DOUGLAS

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THIS SYMPOSIUM has been compiled to recognise the Jubilee of those ideas of C. H. Douglas which have come to be known as Social Credit.

We wish to thank all our contributors for their willing help in the preparation of this publication.

SOCIAL CREDIT CO-ORDINATING CENTRE

Montagu Chambers,
Mexborough,
Yorks, England

DOUGLAS'S UNIQUE DISCOVERY

By W. A. WILLOX

HALF a century ago Douglas discovered that, under the present universally accepted rules of finance, there was inevitably a chronic shortage of purchasing power in comparison with prices. Summarising this in his $A+B$ theorem he showed how costs went into prices at a greater rate than incomes went into pockets. In other words, the *rate of flow* of prices was faster than the *rate of flow* of money for spending.

This gives rise to a chronic surplus of output, for which there is no available money. Hence the need of export markets, with the strife generated by the rivalry between industrial countries—all controlled by the same monetary accounting system—leading to war. In war, vast quantities of produce are consumed at no monetary cost to the consumers, though the producers are assured of a market, and surpluses, accumulated in time of peace, are reduced or wiped out. Nevertheless, the money cost of the produce thus destroyed—"consumed"—is charged as debt to the producing countries. Hence the vast increase in "national debt" in time of war.

The competition for export markets would cease if incomes were distributed at home at the same rate as costs build up; for the surpluses could then be consumed in the producing countries, or, if not wanted, could be exchanged for desired surpluses in other countries.

The potential of plenty which the present money system prevents, could very easily be made actual by a slight adjustment in the costing of goods and services. Douglas showed how this could be done, partly in the form of a National Dividend, and partly as a price discount on sales to prevent inflation. The present wage system could continue, but it would be supplemented by the National Dividend so that, as production processes were improved, people

would become less dependent upon wages because of the increasing amount of the National Dividend. The prospect of leisure, defined as the opportunity to choose congenial work, would thus open up.

At the present time the true cost of production is not correctly reflected in prices, the true cost of production being that which is actually consumed in the process. Douglas's discovery and clear elaboration of this flaw in the price system was unique. Attention had never been brought to it before, and the first results of Douglas's writings on the subject were to arouse immense interest and wide publicity. Had his theories been adopted most of the troubles of the world would have been gradually solved, abundance would be made possible and scarcity gradually eliminated, because of the enormous productive capacity of modern industry. The "wage slave" would before long be freed, and everyone would in time become rich enough to acquire real wealth. As a result, the power of money would dwindle, and with it the power now exercised by those who control money.

Within a year or two of Douglas's discovery the publicity ceased, and no mention appeared in the press of either Douglas or his theory. This situation gave rise to the suspicion that the control of money was consciously exercised by a small hierarchy unwilling at any cost to give up its power. Not only was knowledge and understanding of the Douglas theory suppressed but every means was enlisted to reinforce the delusion that money itself was a scarce commodity, whereas it has no more intrinsic value than figures written in ledgers, on cheques or in accounts. There cannot in fact be any scarcity of such symbols—mere figures—which should be made to correspond with the realities they were invented by man's ingenuity to represent.

In Nature there is an immutable order of priority: the reality first and then the symbol, its representative: the deed before the word, the fact before the figure. The purpose of the word or the figure is to facilitate the manipulation and understanding of the reality. The true purpose of money is to facilitate the production, distribution and exchange of real things. At the present time the purpose of money is distorted to do the very opposite: to thwart these operations. Whenever it is desired to do something useful or to make

something beautiful, the first question that arises is "where is the money to come from?" The nature of money, however, being merely symbolic, and money having no value in itself, it does not "come from" anywhere but should be written into account books as may be necessary to facilitate desired work. Thus scarcity is perpetuated in the face of potential plenty simply because of the generally accepted delusion that money is more important than realities: a terrible delusion based on an inversion of Nature's priorities. It is an inversion of truth. A definition of the Devil is God upside down. So long as the Devil is allowed to take the place of God, so long will Hell spread over the Earth. As soon as the relative positions of God and the Devil are reversed Heaven could begin to spread on earth and remove the danger of encroaching Hell.

Douglas saw this possibility; but, denied access to the great channels of publicity, there seems little hope yet of stemming the flood of destruction that is sweeping the earth and may soon engulf all industrial communities.

Behind Douglas's great discovery lies a philosophy in which the teaching of Jesus could become practical politics. Work, a means to an end, would cease to be an end in itself, for it would no longer be the sole means of access to an income. Whether it were done by men or machines, goods and services of such a plentitude could soon be available as to make possible a condition of leisure in which strife would lose its chief motive, and man could live as he normally would like to, in harmony with his neighbours. The average person wants nothing better than to live and let live, and to have the opportunity to do that work which he finds congenial. The best work is done by the man who loves his work. In such a condition, the only rivalry would be in achieving the best. In such a condition there would be little or no cause to judge others. We could love our neighbours as ourselves; we could turn the other cheek, and at last become happy in our freedom to choose or refuse what we liked or did not like.

Fifty years ago Douglas pointed to a door showing the way to the Kingdom of Heaven on Earth. When will it be opened?

SOCIAL CREDIT AND THE ECONOMIC ROUNDABOUT

by HARRY MARSH, Chairman, Social Credit Party.

THE Douglas Jubilee is a salutary reminder to Social Credit proponents that they are still in Sinai, and that the road to Canaan—and the fulfilment of their hopes—is long and wearisome. While those who regard Social Credit as an interesting intellectual exercise may be content to view the situation with relative complacency, the activist in the movement is clearly a prey to frustration and impatience.

It would be quite wrong, however, to think of Social Credit as a lost cause. Today the economic roundabout, as it rotates, throws into relief, one after another, Britain's financial and economic failings . . . a huge external deficit with stricter surveillance of the economy by the International Monetary Fund, heavy unemployment, excessive taxation, unimpressive industrial investment, inability to contain prices, an upset domestic credit structure, and so on. Has Social Credit something to say about all this? If Britain is really "going down the drain", precisely how would the adoption of all or any of the Social Credit proposals arrest this decline?

In the first place, Social Credit has much to say, and a reasoned case can be made out. In the second place, Social Credit supporters would be fully justified in calling for implementation, by phased transition, of the whole package of financial and fiscal measures considered to be necessary, in that now well-worn phrase "to get the economy right". The whole package must be held to be proposals, worked out in depth over the years by Douglas himself and by those, such as A. R. Orage and Gorham Munson, who took their stand with Douglas for the heterodoxy of the Social Credit system of thought, as opposed to the so-called conventional wisdom of the academic economist. Unfortunately the

latter, as we have good cause to know, examines everything but his major premises. In surveying the corpus of writings by Douglas and his associates, it is plain that considerable emphasis is placed on the creation and distribution of consumer credit. The genius of Douglas, of course, is shown in his revelation of a technical flaw in the price system, as a result of which the consumer is constantly at a disadvantage. It is this situation that the systematic emission of consumer credits is designed to rectify.

The former chairman of the Daily Mirror group, Mr. Cecil King, observed recently that if the political parties each had a besetting sin, that of the Tories would be greed, and that of Labour, envy. Under a Social Credit dispensation, no question of greed or envy arises. A crucial part of the Social Credit package is the generalisation of the dividend system . . . the present limited dividend system would be extended to everybody. National dividends would represent a share of the nation's incremental wealth. One might truthfully say that the system of national dividends, envisaged under Social Credit, would be the share-out mechanism of the modern Power Age. It is not a redistribution of wealth, and is unrelated, for example, to the "fiscal dividend" thought up by the Johnson administration in the U.S., which would divert excess federal taxation to the finances of the states. It is not paid out of taxation, but is money admitted into the economy debt-free, and brought into being by monetising the nation's ascertained net annual enrichment, as backed by production. There is really no moral issue here, although Christopher Hollis, in his book "The Breakdown of Money", pointed to the existence of what he saw as a psychological problem, namely, creating the desire to abolish poverty. This, he suggested, was more difficult than the economic problem of discovering how poverty can be abolished.

Influence on National Policy

If the present and future policy of the country, in the sphere of finance and economics, is to be influenced in the way we wish, then we must, as already indicated, consider applying the whole of the Social Credit package. In a manner of speaking, the general body of consumers con-

stitute—under the existing system in a very ineffectual way—the box office at which all the bills of industry are met. Consumption and production need to be equated, and to this end Social Credit advocates contend that it is necessary to adopt the medieval principle of the just price; or rather, its modern equivalent, the compensated retail price. This monetary measure embodies an adjusting device—a consumer credit—to be used only for retail sales, and, like national dividends, comes from the real credit of the nation, similarly backed by the production of the community. Like national dividends, too, it is an unborrowed consumption credit, originating free of debt. It does not come from taxation. When the consumer actually buys an ultimate commodity—but not otherwise—he is being assisted by a consumer credit which materialises at the moment of purchase, and knocks off part of the financial price he would in former days have had to meet with cash in his pocket. At the present moment, the consuming public is faced with a Gilbertian situation, wherein the Government loudly proclaims its desire to keep down prices, and points to the work of the Prices and Incomes Board. (Incidentally, the chairman of the latter body, Mr. Aubrey Jones, has earned the sobriquet of “Long stop Aubrey”, presumably because of the facility with which the Board projects its problems into the future). There is, however, increasing pressure on the price level, stemming from Government action affecting the taxation content in retail prices.

In order to administer the nation's real credit, it would be necessary to set up a credit authority—a national credit office or national credit commission—to work in conjunction with the Treasury, and to ascertain the amount of real credit at the disposal of the national community. This is obviously not a job for the banking system, although the banks would have limited accounting involvement arising from the emission of consumer credits.

Fifty years have passed since Major Douglas put forward his proposals for financial redesign, and it has become apparent that the stumbling block to the adoption of these ideas is what Keynes called “the almost fatal bias towards the status quo”. Yet the logic of these ideas continues to be self-evident, while supporters of the financial status quo,

whether orthodox economists or politicians or the bankocracy itself, inspire increasing cynicism and distrust.

Britain's external debt of some £3,000 million and the ever-present foreign trade gap and, on the domestic front, rising prices and oppressive taxation, are signs that something is fundamentally wrong with our overall economic strategy. It is no use blinking the fact that on the external side much of our difficulty is due to the belief, to which the Government is firmly attached, that it is possible to borrow our way out of debt. In the case of money owed to the International Monetary Fund, M. Pierre Paul Schweitzer, managing director of the Fund, has said that as repayments are made, there will be pro rata reconstitution of borrowing rights. But surely this "kindness" is misplaced. Or is the Government prepared to go on borrowing until the cows come home, and to abandon all hope of attaining national financial self-sufficiency?

About twenty years ago, the late Augustus John, R.A., praised a contemporary Social Credit newsletter as a "crack of light in a mental blackout". Today, it is surely not overstating the case to say that the opacity of understanding on the part of our pastors and masters is as great as ever. After all, the monetary system is not sacrosanct, and our fiscal and financial apparatus cannot remain insusceptible of change in a changing world. A Social Credit administration, confronted with the present imbroglio, would undoubtedly clear the ground and peg it out by the enactment of legislation to bring into being a national monetary commission, with administrative control of the consumer credit proposals. The implementation of these proposals would be calculated to give the citizen genuine economic security and, in general, foster material prosperity.

Inherited Problems

But in view of inherited problems affecting, in particular, foreign trade and taxation, a Social Credit administration might be expected to give early attention to other reformative measures. With the co-operation of other like-minded nations, steps could be taken to effect a change in the financial apparatus for conducting import-export trade. Instead of the present system, with its inbuilt currency

difficulties, there would be complete fixity of the exchange rate, and foreign trade would be dealt with by international contra account. The technical obstacles to such a change have been overrated in the past, and it is interesting to note that one of the leading merchant bankers in this country is operating a lucrative business in the financing of import-export trade on the basis of clearing payments. A system of international contra account would promote automaticity in transactions between participating countries, thereby ensuring balanced and reciprocal foreign trade.

In the field of taxation, there would be an opportunity to look at the proposals of the Douglas "front man", the late A. R. Orage, one of the few original minds to study the taxation problem. Orage argued that there is no reason why we should be wedded irrevocably to the conventional taxation system. This imposes a levy on our financial incomes, which consist of already created money. One of his suggestions for dealing with government overheads is that it should be a charge against total national production, with a monetisation of real credit *pari passu*. He contended that, properly regarded, all state expenditure, including expenditure represented by the national debt, is a national capital cost that should be more than balanced by the national appreciation due to it. The views of Douglas himself have been dubbed "winged idealism". He has, however, been credited with "Anglo-Saxon earthiness." Be that as it may, vigilant watchers of the economic roundabout, whatever their creed or calling, must have formed the impression that the present monetary system is not viable. One would venture, therefore, to ask those who believe in the soundness of the Social Credit case—in this, the Douglas Jubilee Year—to take, if possible, a positive and active part in making that case more widely known. In fine, where Social Credit is concerned, to be "militant here upon earth!"

THE SOCIAL CREDIT IDEA

by GEORGE HICKLING

"There is one thing stronger than all the armies in the world, and that is an idea whose time has come".

So wrote Victor Hugo, long before the 1914-18 Great War in which over 8,500,000 men were killed, not counting civilians.

A few years after this tragic world disaster, Major C. H. Douglas came from India, where he had been manager for the Westinghouse engineering company, to London with an idea that fits Hugo's words above.

Looking for a publisher to circulate his proposals, he was told by an expert on such matters, that his only hope lay with the editors of the *English Review* and the *New Age*. Both published some of his writings, but it was the editor of *The New Age*, Mr. A. R. Orage, who most warmly supported him, and published the new message of *Economic Democracy* in a series of articles which were later published in 1924 with that title, as his first book.

The Idea

of the Social Credit proposals initiated by Douglas is to relate the creation of new money to the production of real wealth, in such a way as to enable consumers to buy all that is produced without any necessity of getting snared up in the web of usury and debt.

To achieve this desirable balance continuously, it was proposed that over a given period of time, the value of unsold production surplus should form the basis for the creation of new money equivalent to these values, for distribution as a dividend to consumers.

This production dividend to be paid in addition to any other income such as wages and salaries; and to be issued as a birthright, legally due to each individual citizen in his capacity as a shareholder in the cultural inheritance.

This idea of maintaining a permanent financial solvency and money balance both for individual citizens, and for the nation as a whole; together with disbursing money dividends to citizens as a birthright—thus placing human 'life' as taking precedence over money-symbols in economic policy—comprise the essentials of the Social Credit idea.

Anybody wishing to go into the technical details—including the formula for ascertaining the Just Price and so on—can best study them direct from the Douglas books.

The Impact

As might be expected, the idea was rejected completely by the bankers' money-creating monopoly and all its henchmen, because it undermined the growing concentration of power in their hands. At least one powerful supporter of the 'monopoly' told Douglas that, whilst he agreed it could be made to work, added that he did not agree with its object!

But a few people did agree with its object, they could and did see that the Social Credit idea would change the money system from the present policy of domination over the community to one of service. In essence it meant that money should be used solely for its proper function of accountancy, and to ensure that economic policy should be directed to distribute a full abundance of production values to every individual member of the community.

New Vision

The study of the Social Credit idea in detail gave not only a new vista of the practicability of life in abundance and peace: but it also revealed how the existing system concentrates power in the hands of bankers who create money out of nothing; a power, mark you, that is exercised at present without any open declaration of policy for its use, and is accordingly irresponsible and highly dangerous to the true security of the nation and the stability of its economy, factors hitherto largely unsuspected.

Warning Light

"Unless the Social Credit idea is applied—" its early advocates were saying after the idea was published, "we shall have more industrial unrest; more slumps; more war;

and recurring financial crises . . .” But few listened, and all these things have happened and will continue, until the idea is adopted in full.

The Slump Creators

Montagu Norman, then Governor of the Bank of England, drastically restricted credit about this time, which put a million workers on the dole and created ‘distressed areas’ in Britain. Many people suffered extreme poverty in the midst of plenty. The warehouses throughout the country were packed full of an abundance of goods that could not be sold, simply because people had not enough money to buy them.

Acting in unison, the central bankers in other countries, particularly in Germany, Italy and the U.S.A., also made drastic restrictions of credit. A world-wide slump ensued as the direct consequence of the Bankers’ action, and the seeds of World War II were thus firmly sown. The bottom fell out of the markets, and for a while production was still plentiful, but declined because consumers could not buy all the produce; many people died for lack of the produce available, but unbuyable for them because of the united decision and action of the central bankers.

A new word was coined about this time by the orthodox economists, they called this state of affairs ‘over-production’!

Opposition

Meantime, the Social Credit idea was howled down everywhere. Financial stringency spread throughout what was then the British Empire, which laid the foundation of its break-up. A Varsity don in Australia told his students of economics to read the Douglas books on Social Credit, and he was dismissed from his post. Everywhere a conspiracy of silence or abuse was put in operation by the Establishment and communication media against the Social Credit idea, and this has been sustained ever since.

The Idea Survives

It is probable that the Social Credit idea would have died out but for the brilliant editorship of A. R. Orage, and later

of Arthur Brenton in *The New Age*, who nobly continued loyal support every week for several years, though the circulation of the journal declined as a consequence. Eternal honour is due to these men and the unknowns who did their unpaid utmost to propagate the idea during those early years, for they did succeed in spreading it right round the globe wherever the English language is spoken, and considering what they were up against, this looks like a miracle.

The Illegal Democracy

One result of this was that the electorate of the province of Alberta in Western Canada, at that time full of farmers virtually bankrupt because they could not sell their enormous crops of wheat, responded to the new idea by voting in a Provincial Government with a mandate for the adoption of Social Credit. This new Government, headed by Mr. Aberhart, passed the necessary legislation to implement their mandate, and this was promptly barred by the Central Government in Ottawa. This 'offside' decision was later on endorsed by the Privy Council in Britain. In plain words, the central Government of Canada, backed by the Privy Council in Britain, ruled that the democratic mandate of the Albertan electorate, was illegal; and that decision still stands.

The electorate of British Columbia, the coastal province to the west of Alberta's border, only a year or two later, also voted in a Social Credit Government. In neither case have these two Governments been permitted to implement their electors' mandate; they've had to do the best they could, short of Social Credit proper—even so, the result is that both provinces have been lifted out of their 'distressed area' condition into a state of freedom not matched anywhere else. In each Province their Social Credit Government has been repeatedly returned by the electorate, who are aware of the position. These two Provinces comprise the only area in the Western world where taxation has not increased, and where Provincial Debt has ended. Not many people in Britain know of this development, it is never mentioned in the mass communication media. Even in the rest part of Canada, this information is suppressed and the general population is unaware of the true situation.

Evidence of history

Nevertheless, the impact of the Social Credit idea still stands up, events over the years have occurred exactly as Douglas predicted—war did come again, industrial disputes and unrest are as rife as ever, and whilst Debt multiplies, with rising prices and more taxation, one financial crisis follows another. On the other hand, the writings and sayings of the Social Credit opponents can be seen now, on the evidence of history, as dangerous nonsense.

The time for argument about Social Credit is now long past, all that remains for anybody interested is to realise that Social Credit is the *only* alternative to either a Communist World government, or atomic explosion in the literal sense.

Taking over

As the result of the world slump and World War II created by the Money Monopoly, they have largely increased and centralised their power, and they are busy now foisting a variety of political ideas upon the British Government designed to weaken the sovereignty of the nation, and to prevent the possibility of the electorate making a political agenda of their own. Also, the technique of 'taking-over' all the main industrial equipment and distributive organisations by the process of manipulating bank-created credit and re-arrangement of shares to acquire control, has been largely developed. In the first week of 1969, eleven new take-over bids were made; and during 1968 the price label on the firms taken over in Britain was over £2,000 million!

These financial take-over operations do not serve the public interest; but they are plainly steps toward World Monopoly whether planned as such or not, and therefore very much opposed to the public interest.

Something to Know

The significance of the Social Credit idea at the present time is the clear light it sheds on the meaning of the economic-political stresses that keep swirling around us. The fact is that the continued suppression and rejection of the idea is equivalent to inviting disaster to take-over on a rapidly escalating scale.

Because it is true that all wars arise from the fact that orthodox financial processes automatically create a shortage of consumer purchasing power, insolvency on a national scale results. Savage taxation is then resorted to in a blind attempt to remedy this, but it never does, it only makes the position worse.

Waste of time, effort, and materials; insecurity; unpayable debt; industrial unrest; dumping and slumping in the markets; recurring financial crises; crippling taxation; and finally war—these are the inevitable fruits of the flaws of financial process and policy.

There is no need to argue about this, the evidence is plain everywhere.

On the other hand the Social Credit idea is like a light in the gloom and darkness, illuminating what is going on and what could be.

It offers a source of healing for the destructive illness of national financial insolvency. It also reveals the only financial policy that fits the true Christian philosophy, and which would provide conditions for it to thrive in.

Responsibility

Around us is a confused world—brain-washed with ideas founded on lies and deceit. The issue made clear by the light of the Social Credit idea—once a man becomes aware of it—cannot be evaded without damage to the inner conscience.

Such is the importance of this idea, that those who are not active towards bringing it into operation are definitely a weight against it. In truth, it is a challenge to the inner spirit of each individual who becomes informed of this alternative to debt-serfdom and slavery.

To adopt it as a mere creed is useless: just as adherence to a ready-made religious creed can be a trap to make one forget easily that regardless of creed, one's real religion is what one thinks, says and does. Further, it should not be lost sight of that in the Natural Order that sustains the universe, the law is that as a man sows, that shall he reap. Accordingly, we are each one of us responsible—whether we like it or not—for what we think, say or do with the personal life we possess as individuals.

Objective

To get the Social Credit idea legally implemented and fully adopted in Britain with the least possible delay, is the only worth-while political objective; because until that is done, we cannot even begin to get honest government. This is a noble cause deserving the utmost support, enlightened by individual conscience, and pressed forward with warm-hearted fervour of conviction and religious zeal; because it embodies reverence for life; fair-play; honesty; dignity and compassion. It opens up the opportunity for individuals to develop their inner spiritual nature, which is the true purpose of each personal life in this material world.

In the light of such an objective, how foolish it is to contemplate voting as an elector for any of the old political parties; with their fairy tales but foul record of fifty years of wasted opportunity engaged in double-think; double-talk; and double-crossing acts; with their policy of blood, sweat and tears, accompanied by monstrous national debt; rising prices; heaviest taxes in the world; and colossal growth of officialdom interfering more and more into the private lives and liberty of citizens.

Initiative

How much better it would be as a way of life and as an exercise of personal responsibility, for each individual citizen to take the initiative of adopting the Social Credit idea as his own political agenda! Nobody can stop him if he so chooses.

The Opportunity

is here before us all in simple clarity. *Now is the time and here in Britain is the place*; for awakened individuals to make the decision to think, to speak, and to act—for the adoption of the Social Credit political objective, as an expression of inner integrity and to play a worthy part in bringing good order throughout Britain.

In this way the New Era of abundance of life and opportunity can be founded—a New Order in which every citizen becomes a realistic shareholder in the magnificent cultural inheritance of the nation, free of crippling taxes and receiving periodically a money dividend as birthright claim on the high quality production capacity that is ours.

Faith

Sooner or later this will occur, for the Social Credit idea was discovered in Britain, and it is the destiny of the British character to bring it about in reality and practice.

All over the world, the most intelligent minds—knowing nothing of the Social Credit idea—are nevertheless continually looking to Britain—instinctively hoping for and expecting a new lead. There is, of course, a good reason for this, and in the end they will not be disappointed. In saving themselves, the British will thereby provide an example that all other civilised nations will follow.

The right initiative will start with electors who now have before them the task of finding the way with their own agenda and a majority vote to Parliament. Once the Social Credit mandate is implemented, the financial blight that now afflicts Britain and its people, will be for ever defeated; and the road cleared to brighter days and kindlier ways.

CANADA

THE BACKGROUND

by J. M. HATTERSLEY

(Martin Hattersley, son of the late Mr. and Mrs. C. Marshall Hattersley, was formerly a member of the executive of the Social Credit Co-ordinating Centre in England, and emigrated to Canada in 1956. At various times he has been President of the Alberta Young Social Crediters, Personal Secretary to former Social Credit National Leader, Robert N. Thompson, M.P., Director of Research of the Social Credit Association of Canada, and a Vice-President of the Alberta Social Credit League. At the present time, however, he does not hold any official position in the Social Credit movement, and the views expressed in this article must be considered purely personal).

The political background

To understand the political situation in Canada at the present time, some understanding of the nature and history of the country is essential. Geographically, the country extends more than four thousand miles from East to West, from Atlantic to Pacific oceans, and from the Great Lakes and the forty-ninth parallel of latitude in the South, to the North Pole. Of all nations on earth, its land area is only exceeded by that of the Soviet Union. Vast distances, and a great variety of ethnic background in its population, make national unity unusually difficult to achieve. Historically, Lower Canada, the present Quebec, was originally a colony of France, and only became a British possession in 1763. Until the late nineteenth century, no nation of Canada existed—only a number of very diverse colonies adjoining each ocean, with nearly two thousand miles of almost uninhabited bush and prairie in between.

1867 saw the union of the colonies into a new Dominion of Canada under the British North America Act—to some degree a union forced by the need for self-preservation in

the face of economic necessity, and an armed and expanding United States to the South. The general scheme of the Act was to create a central Federal government with power to administer matters of national concern—including particularly banking, trade and commerce—from Ottawa, while Provincial governments concerned themselves with more local administration within the Province. Not until 1905 were the two last areas of prairie erected into the Provinces of Alberta and Saskatchewan: the first great wave of settlement in these areas occurred only in the decade before the First World War: the ethnic background of the people living there, besides the French and English, includes many who came to homestead from the U.S.A. (farmers ruined in the 1893 depression, often, with ideas of monetary reform), and many of Ukrainian, Icelandic, and other European origins.

The political consequences of Canadian history and geography have been an extreme individuality in character in every Province, and a consequent difficulty in forming and preserving a national political movement. It has made more possible than elsewhere, perhaps, the experimentation with new political organisations—but has made extremely difficult the matter of converting these into national political parties. This has been a particular problem for Social Credit as a political movement, since its basic tenet involves reform of the banking and financial system—something not within the legislative competence of a Provincial government. A Social Credit provincial government is, therefore, by the Canadian constitution extremely limited in what it can actually achieve in the direction of financial reform.

The Federal situation

Believers in financial reform have for a long time held seats in the Canadian Parliament—although they have often enough been considered merely as representatives of regional interests. As long ago as 1921, members of the Progressive party were elected from the Province of Alberta, on the Western Prairies, on a financial reform platform. They were instrumental in having Major C. H. Douglas invited to Canada in 1923 to appear before a Parliamentary Committee investigating the credit structure of Canada. When

Social Credit became the government of Alberta in 1935, this "ginger group" was replaced by a number of Social Credit M.P's, who steadily represented Alberta interests in the House of Commons until they all lost their seats in the Conservative landslide election of 1957.

Faced with this defeat, the Social Credit Association of Canada regrouped its forces, and contested general elections on a national scale in 1962, 1963 and 1965. In 1962 it won 30 seats in the 265 seat Federal House of Commons. Only four of these were in Western Canada, however. Twenty-six were from the Province of Quebec, where under the extremely effective leadership of R  al Caouette, with efficient and determined party organisation, support for Social Credit which had previously been non-political was mobilised in an intensive educational campaign—aided by the very real economic grievances of the Province of Quebec at that time. Most of these seats were retained in an election in early 1963 which saw the defeat of the minority Diefenbaker government. The summer of 1963 saw a split develop between the Ralliement des Cr  ditistes, nominally the Quebec provincial organisation of the Social Credit Association, but in fact the effective Parliamentary voting power of the movement, and the Association itself, basically financed and controlled by English speaking Canadians. A number of causes can be assigned for this split—the greater orthodoxy to Social Credit monetary theory on the part of the Ralliement, personality clashes, financial problems, an effort to "take over" the Ralliement by Quebec separatist elements, and the sheer difficulty of administering as one party units of such different language and temperament. At all events, this division did have a most unfortunate electoral result: Social Credit could no longer be considered as what it had for a time been—a national party with a hope in time of forming a viable government. No Social Credit Association candidate was elected in the most recent (1968) Federal election, and as an organisation this Association is now for practical purposes defunct. The two contenders for party leadership, Robert Thompson, M.P. and H. A. Olson, at the most recent Social Credit Association convention in 1964, are now prominent members of the Progressive Conservative and Liberal parties respectively.

Under the leadership of R  al Caouette, however, the Ralliement des Cr  ditistes has continued in being, and still boasts 14 members of parliament, all from rural Quebec—no mean achievement in view of a definite trend to a two party alignment in the most recent Federal election of 1968. In spite of the difficulties, particularly language difficulties, of expanding from a Quebec base to become a national party, definite attempts at national organisation are now being instigated by Le Ralliement, and some liaison has been established with the Social Credit Leagues of some of the other provinces, formerly affiliated with the Social Credit Association of Canada. Plans exist to expand this organisation in 1969. Certainly, it should not be felt that Social Credit is federally defunct in Canada: actually, in 1968, Ralliement candidates polled more than 400,000 more votes than in the previous, 1965, election.

The Provincial situation

As mentioned above, Social Credit as a Provincial movement has considerable difficulty in maintaining its identity, because of the constitutional limitation on the power of a Provincial government. Nevertheless, the two most prosperous Provinces in Canada, British Columbia and Alberta, both have Social Credit governments. Both have, in government policy, followed Social Credit philosophy and policies at least to some degree. Both, for instance, are pledged to support the individual and his right of choice, over against state control. With the recent incorporation of the Bank of British Columbia, and the long standing institution of the Alberta Provincial Treasury Branches, some inroads have been made into the credit monopoly of the Banking system. Both Provinces pursue a policy of obtaining a maximum revenue to the people by way of lease (rather than outright grant) of natural resources, and receive more revenue proportionately from this source than any other Province in Canada. Both Provinces have pursued a pay-as-you-go policy of avoiding direct debt, so saving their citizens interest charges incorporated in taxes. Alberta has recently arranged to refund 75% of the Federally administered Estate Tax. Although the generally very tight financial situation across all Canada has made it difficult in both

Provinces to keep to their traditional no-borrowing policies, the two Social Credit provinces of Alberta and British Columbia are in the soundest financial position of any in the whole of Canada.

Politically, British Columbia has had a Social Credit government under Prime Minister W. A. C. Bennett since 1952. Alberta, which has had a Social Credit government continuously since 1935—one-third of a century—now has its third Social Credit Premier, Harry Strom, replacing Ernest C. Manning who retired last December after 25 years as Premier of Alberta. Fifty-five out of sixty-three Legislature members are Social Credit. In other Provinces, the picture is less bright. Jake Froese has held the lone Social Credit seat in the Manitoba legislature for a number of years, but there are no other Social Credit members of Provincial Legislatures in the other Provinces—although organised Social Credit Leagues do exist in all Provinces of Canada.

The Future

Nothing in politics comes easily, and it is plain to see that a long and uphill struggle still lies ahead to make Social Credit a Canada-wide, rather than a local and sporadic, political force.

One particular problem lies in the faithfulness of the party itself to the received teachings of Social Credit. Before his retirement, Premier E. C. Manning (now, incidentally, a director of one of Canada's largest banks), made definite proposals to develop a movement, and possibly a political organisation, that would concentrate on the overall philosophy of Social Credit rather than specific financial reform, under the name "Social Conservatism". This has not, as yet, particularly caught the public imagination, and it is noteworthy that, in the by-election following Premier Manning's resignation from the Legislature, the Social Credit candidate, a definite protagonist of this "Social Conservative" development, was rather surprisingly defeated. Perhaps there is a lesson here that, no matter how "crackpot" the subject of financial reform may sound, it is in fact the touchstone of our political success which we abandon at our peril.

THE SOCIAL CREDIT POSITION IN CANADA

by RÉAL CAOUETTE,
Leader of the Ralliement Créditiste.

Translated—VERA PALEY

THE ideas of C. H. Douglas caused so much stir, and made such rapid progress from 1919 to 1923, that certain institutions saw in them a threat to their monopoly, and fantastic sums of money were put at the disposal of those who wished to oppose them, notably the news agencies which entered into a world-wide conspiracy of silence.

Douglas in Canada in 1923

In 1923 Douglas was invited to address the Canadian Club of Ottawa, Canada's capital. He had also been invited to explain his views to the permanent Committee of Banking and Commerce which was then studying the revision of Banking Law.

However, it was only several years later that Social Credit ideas took root in Canada.

Whilst he was visiting Gt. Britain in 1925, Mr. Charles M. Scarborough, a chemistry teacher in the Victoria High School, Edmonton, met a British Engineer who knew Douglas and his theories, and who had worked with him in India. Scarborough brought back to Canada certain of Douglas' writings and started discussions about Social Credit with his pupils and friends in Edmonton, Alberta.

Study groups soon came into being and Scarborough was invited to give several lectures on Social Credit in Edmonton and in certain rural areas of this province.

Scarborough was quite convinced that the application of the Douglas principles could provide a solution to his province's problems but did not feel he was capable of undertaking the task himself. He therefore began to search

for a man who could broadcast this policy throughout the province.

The Discovery of William Aberhart

He came across the man he sought whilst he was correcting examination papers. This was William Aberhart. Aberhart was born in 1878 in Egmondville in Ontario, the son of William Aberhart of German origin and Louisa Pepper of British origin. In 1898 he obtained his teaching diploma at Hamilton College and began his career as a teacher in a country district, then later in Brantford, Ontario.

Some years later he decided to settle in the west of Canada and joined a group of friends who wanted to take advantage of the development of this part of Canada.

After teaching in several schools in Calgary he became the principal of the Crescent Heights High School in 1915, a post in which he stayed until 1935.

From 1906 onwards Aberhart took a deep interest in the Bible and his weekly talks attracted many listeners when he agreed, in November 1925, to give them on the radio. These broadcasts were a revelation, and the voluminous correspondence which he began to receive made it clear that this speaker was as popular over the air as in the lecture room. This was the man, already known throughout Alberta, whom Scarborough wanted to win over to the cause of Social Credit. He did not succeed until 1932.

Like a Flash of Lightning

In 1932 when Alberta, a province with little industry, was suffering from the repercussions of the depression, Scarborough gave to Aberhart the book by Maurice Colbourne "Unemployment or War".

Aberhart had himself been a victim of the crisis for, early in 1932 teachers' salaries had been drastically reduced by 30%. Besides this, he was concerned for the future of his pupils.

At the end of the school year one of his pupils of the "12th form" committed suicide because of his family's financial difficulties. Even some of his students with excellent certificates failed to find work.

Where Douglas' books had failed, Colbourne's book worked a miracle in one night.

The next day, meeting Scarborough, he told him of his conviction that Social Credit offered a practical solution for the economic, financial and social problems of Alberta.

During the summer of 1932 there began a campaign of propaganda by means of radio. Study groups were formed in many places, pamphlets were distributed in great numbers and large popular meetings were organised. In 1933 Aberhart spent all the summer visiting every nook and corner of the province with Ernest Manning.

In 1934 the first Social Credit weekly appeared in Alberta "The Alberta Social Credit Chronicle". After several months the paper reached a circulation of 20,000. That year nothing was spared to promote the cause of Social Credit; parades, demonstrations, picnics, open-air meetings, etc. The movement was increasingly attracting small businessmen, weekly radio talks were holding the attention of over half-a-million listeners each Sunday.

He soon began another broadcast weekly series with Manning under the title of "The Man from Mars". He invited listeners to send him the name of one good man living near them interested in Social Credit. He wanted to find 100 upright men.

It was in March, 1935, that the Canadian Social Credit movement made its official entry into the political field. Conventions were organised in each electoral district which were asked to nominate 3 or 4 candidates. Aberhart and a committee chosen by him were to make the final selection.

On July 6th, 1935, Aberhart officially opened the electoral campaign during a popular assembly of 10,000 people. The electoral campaign was conducted like a religious crusade and Aberhart was hailed everywhere as "the Man of God" sent to save the nation.

On August 22nd, 1935, the first Social Credit Government was in power in Alberta, winning 56 out of 63 seats contested.

Aberhart who had not been a candidate accepted the seat of Okotaks, offered to him, and he was sworn in as Prime Minister on September 3rd, 1935.

The Federal Scene

In this account of the development of the Social Credit idea in Canada I have tried to show plainly how difficult was the beginning of Social Credit in Canada.

In this second part I want to dwell particularly on the development and expansion of Social Credit in the other provinces and especially on a national scale. It must be remembered that the Canadian system is a federal one and laws relating to money and credit are vested in the federal authority.

This explains why, even if Aberhart and his successor, Ernest Manning, were successful in applying certain principles of Social Credit and providing an honest administration which has been maintained since 1935, yet they did not succeed in implementing the fundamental monetary reforms necessary to the complete application of Social Credit, for several of the laws adopted by the Alberta Social Credit Government were repudiated by the Supreme Canadian Court.

It was in the same year, 1935, that the Social Crediters decided to enter the Federal field by placing 45 candidates in four provinces. Of these, 15 were elected from Alberta and 2 from Saskatchewan.

National Development

The movement spread wider into other Canadian provinces. In Quebec Mr. Arnold Turpin formed a study circle in Hull whilst Mr. Louis Even, translator at the firm of J. Harpell, publisher of "Le Moniteur", was becoming increasingly interested in Social Credit. Thanks to "Le Moniteur", the movement snowballed in Quebec, and groups were formed in Quebec, Sherbrooke and Shawinigan. In May, 1936, the Social Credit League was formed in Quebec. In June, 1938, the League held its first Congress in Quebec, and in January, 1939, ten Western Social Credit Members spoke at Hull, opposite the federal capital.

During this year a commission set up by the Episcopate of the Province of Quebec had to make a pronouncement on whether Social Credit was tinged with communism or socialism and whether it incurred the condemnation of the

Catholic Church. The theologians gave negative answers to these questions and allowed French Canadian Catholics the freedom to join Social Credit without any fear of being taxed with communism.

This same year saw Aberhart win 36 of the 56 seats contested in the Alberta election, in spite of the concerted opposition of all the other parties who had combined under the banner of the "Unity" party. Aberhart received the mandate to continue his work and establish a provincial bank. This plan was again vetoed by Ottawa.

Some differences of opinion

The question of conscription brought about some differences of opinion among Canadian Social Crediters. The parliamentary leader, Mr. Blackmore, proposed the conscription of finance before that of men whereas the party leader Major Herridge proposed the conscription of men.

As the press suggested that Social Crediters favoured conscription, the Quebec Social Crediters moved some little distance away from the national movement and formed a separate group under the auspices of "L'Institut de l'Action Politique" and "Vers Demain", directed by M. Louis Even and Mme. Gilberte Côté-Mercier.

In October, 1941, when all the Canadian groups interested in monetary reform gathered together, L'Institut d'Action Politique refused to take part.

In April, 1944, the Association of Social Credit in Canada was founded in Toronto. Mr. Solon Low, federal M.P. was elected as the national leader whilst Mr. J. Ernest Grégoire of Quebec became vice-president.

On August 8th, 1944, the Social Crediters of Alberta won 51 out of the 57 seats in the Legislature. On the other hand, on the same day the eleven Social Credit candidates in the provincial elections in Quebec were defeated.

Some statistics

In 1945, out of 95 candidates in 245 counties in all the provinces, for election to the Federal Parliament, 13 were elected, all from Alberta; the 43 candidates in Quebec were all defeated. It is worth recording that on September 16th, 1945, on the occasion of a by-election, the author of this

article, M. Réal Caouette was for the first time elected as member for Pontiac (Quebec). He was the first Social Crediter from Quebec to enter the Ottawa Parliament.

In 1949, 10 of the 28 Social Credit candidates were elected in the English-speaking provinces, whilst in Quebec the 50 Social Crediters standing as Union of Electors candidates were all defeated. They had collected 81,000 votes. In the general election of 1953 no candidate stood in Quebec.

In Alberta, 11 of the 17 candidates were elected, whilst British Columbia sent 4 Social Credit members to Ottawa for the first time. In that year the Social Crediters had succeeded in forming a minority government in British Columbia, under the leadership of Mr. W. A. C. Bennett.

1953 was an eventful year in political activity. On June 8th, 2 Social Credit members were elected to the Legislature of Manitoba; on June 9th, 27 Social Crediters were elected to the Legislature of British Columbia whilst on August 10th, 11 Social Crediters from Alberta and 4 from British Columbia were sent to Ottawa.

The Social Crediters had collected 305,551 votes.

A new election in 1957. Out of 115 candidates (4 in Quebec) 19 were elected of whom 13 were from Alberta and 6 from B.C. They collected 463,663 votes, that is 6.6% of the Canadian electorate.

The next year came disaster. The Conservatives took 208 out of 265 seats contested. The Liberals won only 48 seats, their lowest representation in history, whilst all the 82 Social Credit candidates, including the national leader, Solon Low, were defeated. They polled only 118,356 votes, 2.6% of the electorate.

Reorganisation

It was when all seemed lost that I took the initiative and summoned all the dissidents of the Union of Electors and Vers Demain to form a real Social Credit political movement in Quebec. This movement took the name of Ralliement des Créditistes du Quebec, in August, 1958. The Vers Demain group refused to fall into line and clung to the line of education and the distribution of the journal. In July 1960, Social Crediters from all parts of Canada met in Ottawa with the aim of laying the foundations of a truly

national movement. In 1961 in Ottawa, delegates from all the provinces took part in the founding of this national party. Prime Minister Manning of Alberta, and Prime Minister Bennett of British Columbia took an active part in the deliberations. Mr. Robert Thompson was elected leader and M. Réal Caouette co-leader.

In the federal elections of June 18th, 1962, 30 of the 232 Social Credit candidates were elected. The Cr ditistes of Quebec won 26 seats whilst Alberta and British Columbia each had 2 Social Credit members elected. The Social Crediters polled 896,574 votes, that is 11.7% of the votes.

The following year, after the defeat of the Conservative government of Mr. Diefenbaker in the House of Commons the Social Crediters had 20 members elected in Quebec, 2 in Alberta, 2 in British Columbia with a total of 940,703 votes, 11.9% of the total.

Tension and Friction

The set-back in Quebec is explained by the equivocal attitude of the national leader, Mr. Robert Thompson, about the storing of nuclear arms in Canada, completely rejected by the Quebec Social Crediters. The press exploited this divergence of opinion and by emphasising the nationalist intervention of the Quebec members, caused friction between Thompson and Caouette.

This tension became acute when 6 Social Credit members from Quebec promised their support, on certain conditions, to the Liberal party so as to allow them to form a government.

In August, 1963, on the eve of the congress of the Ralliement des Cr ditistes at Grandby in Quebec, Mr. Thompson gave a statement to the press in which he asked M. Caouette to leave the ranks of the national Social Credit party.

The delegates repudiated Thompson as their national and parliamentary leader and asked the members of the Ralliement to sit in the Commons under this name and elect their own leader. Caouette was unanimously chosen.

Thirteen of the 20 members of the Ralliement remained faithful to M. Caouette whilst the other 7 adhered to Mr. Thompson, who thus led a group of 11 members only.

In the General Election of 1965, Thompson's Social Crediters put up 86 candidates in 5 Canadian provinces, while the Ralliement des Cr ditistes presented 75 candidates in Quebec. Two Social Crediters were elected in Alberta and 3 in British Columbia. The Ralliement had 9 members re-elected in Quebec.

Finally, in the ballot of June, 1968, Thompson went over to the Conservatives and was elected as such in Alberta whilst H. A. Olsen, Social Crediter of Alberta, went over to the Liberals. The Social Crediters only put up 31 candidates and all were defeated. The Ralliement des Cr ditistes regained ground and had 14 of its 70 candidates elected in Quebec.

So we see that, after the formation of the national party in 1960, the total Social Credit poll increased in 1962 and again in 1963. But in 1965, owing to the non-existence of a true national party capable of forming, if not a government, at least an official opposition, the percentage vote for the Ralliement des Cr ditistes fell in Quebec, though their representation increased from 9 in 1965 to 14 in 1968.

Prophecy and Conclusion

In Canada at present there is a great Social Credit potential. The provinces of Alberta and British Columbia are both ruled by Social Credit governments. Although these governments have no power to implement the Social Credit monetary theories, yet they have given these two provinces honest and progressive administrations. The two provinces have now no direct debt, and taxes are lower there than in the other Canadian provinces, whilst their administration of social security benefits is more advanced than elsewhere.

These aspects alone of public administration by Social Crediters impress the minds of the inhabitants of the whole country and one day, it is certain that the population of the country will have a Social Credit administration.

The real Social Credit force of Canada is to be found in Quebec. The Ralliement des Cr ditistes, with its 14 federal members of parliament, its organisation in almost all the regions of the province, its hundreds of thousands of supporters, its means of broadcasting and propaganda in the journal "Regards", and series of television programmes

each week in the main regions of the province, including Montreal and Quebec, constitute a real force.

Moreover the militants trained in the school of Vers Demain are convinced Social Crediters. One day the two groups will meet and their strength in Quebec will be irresistible.

It is by training and grouping the Social Crediters scattered through the provinces of New Brunswick, Ontario, Manitoba and Saskatchewan that it will be possible to constitute a real national movement capable of achieving the political destiny of Canada.

During the provincial congress of the Ralliement des Cr ditistes last October in Sherbrooke, observers from the different English-speaking provinces were struck by the coherence of the Ralliement, and by its methods.

In answer to their invitation, I am to go in April, 1969, to lay the foundations of a national grouping round the Ralliement Cr ditiste in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, along with the organiser of the Ralliement, M. Gilbert Rondeau, Social Credit member for Shefford, Quebec.

The Ralliement Cr ditiste has a permanent secretariat in Ottawa and several full-time workers. It has undertaken the publication of the journal "Regards" in the two official languages English and French in order to carry the message of Social Credit to the whole of Canada.

The different Social Credit groups will need to set aside the differences between them on minor details and to unite on the four central points of the Social Credit doctrine, and then launch a strong campaign of propaganda by all means including television.

What Aberhart succeeded in doing by wireless in the thirties, what the Ralliement Cr ditiste has succeeded in doing in two years from 1960 to 1962, by means of television in Quebec, a national movement can achieve throughout Canada in the near future.

If all sincere men, all true Social Crediters in Canada will unite, another half-century will not have to elapse before Canada is completely ruled and administered according to the policy called by Major C. H. Douglas, Social Credit.

AUSTRALIA FOR SALE

by the NEW ECONOMICS ASSOCIATION, Melbourne

IF we think of Social Credit Economics as consisting of two parts, (1) the understanding of the nature of money, and (2) its correct use by the equating of purchasing power with the capacity of industry to produce, we can say that as far as the first part is concerned Social Credit has made much progress in Australia.

But as to the second part; there is no visible sign that this has made any headway in so far as it has affected our economy.

Government Economic Policy

There are no Social Credit members of Parliament and the present Liberal-Country Party Government, which has been in power for 20 years, has been completely deaf to all voices urging it to survey production, to stock-take, or even to use the Reserve Bank of Australia to finance (debt-free) Government expenditure and to assist industry in the development of Australia. With the result that the country has an enormous public debt of \$12,000M., and the States, who through the wartime uniform taxation measure, under which they lost their income taxing powers to the Commonwealth, have become acutely embarrassed financially to the detriment of transport, education and other vital matters which they administer.

The but slow rise in the standard of living in Australia, over these last 20 years, is due to the Economic and Political beliefs held by this Government. They follow, as do the banks, the Keynesian dogma that economic health can be maintained through full employment, and that this in turn can be achieved through more and more capital expenditure, when it is quite plain that money-wise, we cannot as yet fully command the output of our present industrial complex.

The Government believes, or says it believes, that

inflation is due to excessive demand—when the opposite is easily seen to be true. Their tired old stop-go remedy is to restrict credit, and increase taxation and the bank rate. That such steps are immediately followed by insolvencies, suicides, unemployment, and industrial action, seems to them to be incidental.

What is really a rapidly increasing cost-inflation is playing havoc with fixed incomes and pensions. The plight of the superannuate worsens, as does too that of the wage and salary earner, as the gap between purchasing power and prices widens. The Trade Unions become more active and strikes and industrial dislocation become larger and almost continuous. From this sad situation comes the universal discontent that finds expression in the widespread anti-social behaviour of bewildered individuals and organised subversive groups.

Whatever impact Social Credit has had on Australian men and women, and it is considerable, it has had no recognition by government.

In the private sector of finance, the industries of this country have come increasingly under the control of foreign cartels and companies, whilst the story of mineral development during the last 5 years has been a race, by mainly Japanese and American interests, who at a low cost to themselves and at a frightening rate, are using for the greater part, Australian men and plant to gut the continent of irreplaceable ores, all at little benefit to Australians.

This is done under the tenaciously held belief that we must export all we can and that Australia has insufficient money of its own and is utterly dependent on "Overseas Capital".

Mr. McMahon, Federal Treasurer, repeatedly boasts of his success in "attracting" even larger and larger amounts of this mysterious vitalising *thing* from abroad.

Import folly

It is true that Australia tends to incur an adverse trade balance, but apart from the large interest bill on foreign loans this is mainly due to the Government's policy of encouraging imports, on the theory that Japan and other countries must have our credits if it is to buy our goods ! !

So we go round and round and it never occurs to the Government to encourage Australian producers and consumers to manufacture and consume their own goods.

For example, there is not one photographic camera made here, yet cameras are a vital piece of ordnance. Our own aircraft factory may close through lack of orders. This pattern is seen everywhere. Australia, if under siege or blockade, would thus be in a parlous situation. There is no sign that this policy may be reviewed or even halted.

Australia is an island continent with a homogeneous population and a common dialect-free language. With the exception of oil, which lack is disappearing, it possesses almost everything necessary to a closed self-contained economy. What an opportunity is being missed.

How we accepted the depression

There is some evidence that the political Australian Labour Party, if it could govern, would do something to remedy this situation, as it has a good record in this direction. It formed its own bank in 1911; "The Commonwealth Bank", and largely financed the first world war with its help.

If the Labour Party had remained in power, and if the bank's first Governor, Sir Denison Miller, had not died, it is very likely that the Great Depression of 1929 would have had but minimal effect in Australia.

The A.L.P. is now in such a turmoil and is so acutely under siege from its Communist members that it is possible it will break up further. It certainly offers no hope to the Social Crediter.

Evidence of understanding

That many in Australia understand the nature and origin of money is evidenced by their utterances and their behaviour.

For example, a current school text book, "Descriptive Economics" by F. T. Nankervis, says (page 128): "... This is the principle; *bank advances create bank deposits* (his emphasis). It follows then that the volume of bank deposits depends partly on the amount the banks lend. For the

deposits are to a large extent created by the banks themselves as the result of bank loans (overdrafts) to clients”.

Only a few months ago (28/8/68) Dr. Everingham, M.H.R., said in Parliament, and we quote from Hansard:

As far as this deficit is concerned, H. W. Herbert has shown how this should have been done 10 years ago. It still is not being done this way. H. W. Herbert wrote of the 1958 Budget in the “Australian Financial Review” of 25th June, 1959, in this way:

“The Commonwealth Government, the supreme power in the land, has decided that expenses shall exceed receipts to the tune of £110 million in 1958-1959.

“Someone must create extra money for this purpose. Instead of doing it itself and having the extra money as its own, it empowers someone else, the banks, to create it and lend it to the Government.

“It spends the money and is left with a debt—Treasury bills or bonds on which not only interest must be paid but which must eventually be redeemed out of revenue or converted to new issues in perpetuity.

“The banks create new money and are handed on a platter a new asset—interest-bearing Government securities, in embarrassing quantity.

“It was quite unnecessary for the Commonwealth Government to hand over to the banks the job of creating new money in 1958-59 (or in 1959-60 if another deficit is in the Budget)”.

I may add that it is equally unnecessary in 1969. Mr. Herbert continued:

“It left the Government with an unnecessary debt and presented the banking system with an unjustified asset”.

The Government could have created the money itself, and had it debt-free. It could have passed over a large portion of this money to the States, debt-free. (This is quite separate from the tax money the Commonwealth channels to the States and on which it also quite unjustifiably charges interest).

Direct money creation by the Government to cover a planned deficit may sound radical, it may sound inflationary. It is neither.

It is radical only in the sense of being new, but in fact is more direct and logical than the present system . . .

That the Australian Financial Review should have published the material in quote marks above, is illuminating.

To go back a little; in 1943 a Tasmanian, Angus R. Dean, refused to pay a proportion of his Shire rates for the reason that this represented interest on non-legal tender, i.e. bank overdraft. The case was heard in the local Petty Sessions but eventually reached the High Court of Australia where it was dismissed as frivolous and vexatious. As a result a Board of Inquiry under Mr. Justice Reed was set up and the case given a considerable degree of prominence culminating in a great social credit speech by Mr. MacGillivray, M.L.A. in the South Australian Parliament. His resolution urging the Commonwealth to use the national credit for its finance, instead of borrowing on inscribed stock was carried by 17 votes to 13.

The Royal Commission on Banking in Australia (1936) made it quite clear that the Commonwealth Bank could make money available to the Government without the incidence of debt or interest.

The old Labour Party's great dream

The Commonwealth Bank was founded in 1912 by the Australian Labour Party then in power in the Federal Government. King O'Malley, an American by birth, and Federal Treasurer at the time, was the driving force behind the move. He held advanced ideas about the function of the banking system, and had those ideas prevailed there is little doubt that debt and interest-free money would have been available to Governments. But unfortunately orthodox bankers eventually took over with the results we see today.

A letter published by the highly respected daily "The Age" Melbourne, on September 9th, 1968, is most informative. The writer, Mr. Arch. Browne, said:

The shareholders of the Commonwealth Banking Corporation must be pleased that combined profits have risen 7.4 per cent. to \$12,800,000.

One wonders who the shareholders really are; it seems to me that every Australian should be.

I have lived quite a while, and I well remember the speech delivered by the first Governor of the newly formed Commonwealth Bank (Sir Denison Miller) when it opened for business on January 20, 1913. This is what he said:

“This bank is being started without capital, as none is required because it is backed by the entire wealth and credit of the Commonwealth”, meaning the productive capacity of the people of this country.

When war came less than two years later he was able to raise \$275 million at a cost of 5/7d. per cent. to enable this huge destructive effort to be carried on, and when it was all over in 1923 he publicly stated that he was prepared to create a similar amount for constructive purposes, and would have had he not died about this time.

The Commonwealth Bank has been emasculated since those days, otherwise we would not see our Federal Treasurer (Mr. McMahon) in West Germany trying to raise money from a nation which 20 years ago was in a state of collapse with most of its cities in ruins, and we would not be inviting foreign capital to come and control all our national assets.

We already have to meet an interest bill of \$10 million per week, which is paid by exporting *our production*. How different things would be if this money were used here.

The original use and purpose of the “People’s Bank” was weakened by the death in 1923, of its first Governor, Sir Denison Miller, and by the subsequent interference with the bank’s policy and constitution in placing it under the control of a board of interested parties by the Stanley Bruce-Earle Page Government (under which the Commonwealth Bank became a banker’s bank) and its final dismemberment by the Menzies Government into a Reserve Bank, a Commonwealth Banking Corporation, a Commonwealth Trading Bank and a Developmental Bank, and the installation of the London School of Economics educated Dr. H. C. Coombs as Governor of the Reserve Bank.

Senator Darcey, an intelligent and vocal monetary reformer, said in Parliament: (Hansard 12.3.45):

“... A few days ago Senator McBride complained that

the Commonwealth Bank Board entirely disagreed with the financial policy of the present Government. I am not at all astonished to hear that. I have here a list of the men who comprise the directorate of that board". He then read out the list of the directors, and the interests they represented. (Mainly the Banks, Insurance Companies, and Large Business Interests). He went on to say: "... Ever since the constitution of the Commonwealth Bank was altered by the Bruce-Page Government at the instance of the private banks, the bank has not functioned in the interests of the public. The Governor of the Bank and its directors still have the power to tell the Government what it must do, although they are the servants of the Government. We remember that the late Sir Robert Gibson (the then Governor) told the Scullin (Labour) Government that unless it reduced pensions and social service benefits and the wages of public servants, the Bank could not come to its aid. The original constitution of the Bank should be restored to enable it to serve the interests of the people completely. Fortunately the ownership of the Bank is still vested in the public and it still retains power to create currency. We can thank God for that. I urge the Government to enable the bank to function properly in the interests of the public ! ! !"

The Reserve Bank of Australia is a public authority and its charter charges it, *inter alia*: "to insure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia". It fails in its duty as to this part of the Charter.

Nevertheless the understanding of money that the early statesmen of Australia possessed and handed down, gave rise to a reform that has not been quite destroyed by the money controllers. The Reserve Bank of Australia stands ready as a perfect source of National Credit if we can once get the electors, and so the politicians, to see the obvious commonsense of the Social Credit Proposals.

Incomes and prices

Whilst, as we said, the source-of-money part of the Social Credit theory is becoming increasingly understood in

Australia the second part that we mentioned, i.e. that the flow of money shall be related to industrial capacity, is not nearly so clear.

The author of a regulation school text book on economics, Melbourne University Professor Downing, said in this text-book and in debate on an Australian Broadcasting Commission Television feature (June '68) with Mr. W. J. Carruthers, J.P., Hon. Sec. of the New Economics Association, that consumer purchasing power *is* equal to prices and that Australian industry *was fully* employed. This view is reflected by Mr. McMahon, present Commonwealth Treasurer.

In support of correspondence between Mr. J. Bradshaw, a reader of "Men and Money" and Sir Richard Randall, Secretary to the Treasury, Mr. R. W. Cole, Assistant Secretary, Research and Information Commonwealth Treasury, said (19.9.68):

"Your letter, and the earlier one to which the Secretary (Sir Richard Randall) replied, seem to be based on the proposition that in our economic system costs generated exceed incomes distributed and, as a result, there is an insufficiency of purchasing power. This proposition is invalid".

The Civil Service

But the Australian Industries Association recently made a survey of unused industrial capacity with existing staff and plant, to be as high as 26%.

However, for the greater part, the effect of the Social Credit idea on Australians, if not Australia, whilst considerable is not overt. There are great subterranean pressures at work but how great these are and if and when they will shift the massive, and what appears to be a Fabian-Socialist inclined Civil Service, which has a strong influence on Government, is not clear.

Men anxious to win for themselves and their families a fair share of the world's amenities are confronted with a choice of a long term or a short term policy. The former is to support a rational plan for world reform of monetary malpractice, to result in a secure economic life for all mankind, in which of course they too would participate.

The latter course of procedure is to close their eyes to their obvious responsibilities, rigidly conform, and exploit the status quo for their own gain.

This course of procedure is followed by most, as they deem the economic climate so hostile, that to challenge the establishment and the prestige system would seem equivalent to economic suicide. Their failure to work for reform, yearly increases the hostility of the economic environment, with greater fear still for the consequences of joining the reformers.

Social Credit Movements

Those Social Credit Movements in Australia which are overt and active and publish, are as follows:

The Social Credit Secretariat. Secretary, H. A. Scoular, Box 3266, G.P.O., Sydney, N.S.W. 2001. Business Office, Tidal Publications, G.P.O. Box 2318.V., Melbourne, 3001.

This is the movement originally founded in England in 1933 by Major Douglas who visited Australia in the mid-thirties. It is under the chairmanship of Doctor Bryan Monahan of Canberra, author of the very lucid and well written book, "An Introduction to Social Credit". The Secretariat publishes the "Social Crediter" and follows Major Douglas in full.

The Australian League of Rights, Presgrave Building, 273 Little Collins Street, Melbourne, 3000, is led by Mr. Eric Butler and publishes "Intelligence Survey", and "On Target". Mr. Butler is also Managing Director of "New Times" Ltd., whose journal is distributed mainly in Australia, New Zealand and Canada. Mr. Butler believes, and has stated this to us, that it is insufficient alone to propagate the economic theory of Social Credit, but that the Conspiracy as seen by Major Douglas must be attacked and exposed wherever it is found, and Mr. Butler by his writings and his several books, "The International Jew" and "The Red Pattern of World Conquest" in particular, has engendered implacable hostility in some quarters and warm and determined support in others. The Australian League of Rights has branches with full time paid Directors in five Australian States and has also affiliations in Canada and Africa, and in

England has established the British League of Rights. It continues to fight and expose Communism, offering the Social Credit philosophy as the solution. Mr. Butler continuously travels Australia and the world, lecturing, interviewing, organising and writing. He has been, and is often, smeared by the mass media, but his movement continues to grow. The League of Rights issues a booklet on its constitution aims and beliefs. In addition to being proponents of Social Credit the A.L.R. is also strongly Christian.

The Australian Social Credit Political League (S.A.) Incorporated. Secretary, A. R. Turner, A.A.S.A., P.O. Box 1463.L., Adelaide, 5001, and the *Social Credit Movement, Queensland*, 22 Ticket Road, Salisbury, Queensland, 4107, jointly publish "The Social Credit News". Their approach is different, being party-political, and Social Credit candidates are run for Parliament. Although C. H. Douglas was opposed to this method, it has to be admitted it is a procedure well understood by citizens as a means to an end, and because of this gets ready support from many workers who might otherwise remain inactive over the proposals. It offers member-participation and delegates promotional work, thus leading to a proliferation of the beliefs. And it is good publicity.

The New Economics Association, P.O. Box 5, Blackburn, 3130, Victoria, or Office: 629 Canterbury Road, Surrey Hills 3127, under the leadership of its Hon. Sec., Mr. Walter J. Carruthers, J.P., has a large membership mainly in Victoria, and publishes "Men and Money". The N.E. Association takes the view that Communism is an effect, not a cause, and that it would perish in a non-hostile economic environment such as would be achieved by the application of Social Credit economic principles. It directs its writings to the responsible, the intelligent, and the influential, believing that the incontrovertible truth of its contentions must eventually tell upon the minds of the Australian Citizens and so motivate them to appropriate action, no matter what particular "ism" they at present support.

"Men and Money" is distributed by Collins Books Pty. Ltd., of Melbourne, and is available at newsagents and booksellers.

The Australian Economy

This is strong in spite of the restrictive measures of orthodox finance but at the cost of enormous debt.

Can they hide it much longer?

The absurdities and paradoxes brought to light by the rapid post-war development due to immigration, the discovery of large new mineral deposits, and oil, and the success of secondary industry, as in motor cars, the metal trades, chemicals, textiles and clothing, have been so glaring as to set many responsible citizens wondering if our economists may not indeed be barking up a wrong tree.

Citizens who have never heard of Social Credit are now becoming receptive to the idea. Many are wondering if it is really necessary to say borrow \$A.50.M. from America to put down a railway when it is our men and technicians using our rails smelted from our iron and coal that are doing this, or if it is necessary to gut our continent of valuable ores to get foreign credits to buy foreign manufactures that we would and should otherwise be making ourselves.

Or asking if it is necessary to have a stop-go financial policy to "check the growth rate of the Economy". Why check it? Where is it too great? Not with our primitive education system, nor our housing, roads, railways, care of the retired or the chronically ill. And too, many are asking, how can the inflation the Government seeks to check, by increasing the bank rate to $7\frac{1}{2}\%$, and by stepping up taxation, and by reducing bank liquidity by a larger Statutory Reserve Deposit, be due to too much money in the economy, when manufacturers, embarrassed by clogged assembly lines, desperately try every stunt, gimmick, hidden and overt persuader in the advertising and sales calendar to flog their stalling goods, and so keep their factories working!

Is inflation, they are asking, perhaps not due after all to a *shortage* of money! Price being so consistently beyond income and leading to more and more industrial action for higher wages followed promptly by higher prices and the resultant inflation galloping faster on and on.

Social Crediters see in this interest and public dismay hopeful signs, and keep a constant flood of letters to the

press, the editors of which who, like the rest of the public, are deeply puzzled and concerned, and more and more show a willingness to publish the letters.

T.V. and radio stations have also made space available for discussions on these subjects and Social Crediters are arguing with economists and professors.

Historical Note on S.C. in Australia

There are many signs that there is a reawakening of interest in Social Credit. S.C. first attracted attention here in the early nineteen-twenties when it was welcomed as a fascinating intellectual exercise, and was included in university curricula as such. But as a result of the Great Depression, S.C. in the thirties suddenly became of practical importance and the hope of many organisations for a better world and a safeguard against future economic collapses. Many distinguished Australians supported Social Credit.

Miss Baiba Berzins in her University of New South Wales M.A. thesis (1967), a thoughtful quarto volume of some 250 pages and entitled "The Social Credit Movement in Australia to 1940", gives the number of S.C. activists in 1933 as 4,975, and the number of S.C. groups as 199. The number of candidates advocating S.C. in the 1934 elections she states as being 48.

The last paragraph of her book reads: "Social Credit remains one of many unachieved millenarian dreams. A nation in the turmoil of economic distress and social conflict led some to believe in it, and to hope for it. Now the blue print for a New Age is consigned to the dusty pigeon holes of history".

We do not agree with Miss Berzins that S.C. has disappeared as completely as that. But we do agree that the impact today is much less than it was in the thirties.

She rightly traces the changes in method from the intellectual advocacy, to the electoral campaign, and finally to political candidature. We have today all three active in Australia.

The battle for the mind between the Christian proposals of Social Credit and the frightening retrogression of Communism continues. The latter has for mistaken reasons the

support of the hungry millions and of many well-meaning but badly informed sympathisers.

The key to clear vision

Those who have once come to understand the proposals of Social Credit can never forget them for they are the truth. They must finally be adopted, for sheer commonsense in the face of accelerating automation is compelling thousands to challenge the present system. The knowledge and understanding that goes with the comprehension of the Social Credit analysis is enormous, and the cause of all present social and international inhumanity becomes abundantly clear.

THE POLICY OF A PHILOSOPHY

by ERIC D. BUTLER,

Director, The Australian League of Rights.

IN 1932, when the Great Depression was resulting in a tremendous upsurge of interest in monetary reform, Major Douglas wrote a letter to the Editor of *The New Economics*, Melbourne, Australia, in which he said; "There is too great a tendency to assume that the question of credit is the only subject on which we hold views of practical importance. So far from that being the case, the principles of organisation which are discussed in the earlier part of *Economic Democracy* are vital to an effective understanding of the credit problem".

It is instructive today to go back to *Economic Democracy*, Douglas's first book, because here we have presented, admittedly in a "severely concentrated" manner, a fundamental doctrine which was subsequently developed by the author. There are barely 25,000 words in *Economic Democracy*, but a close study of it today reveals that Douglas touched upon, either fully or in principle, every aspect of the vast subject he subsequently developed in his numerous writings.

Many who have never read *Economic Democracy*, which unfortunately was out of print for many years, are surprised to learn that out of the twelve chapters in the book, only three of these are devoted to an examination of finance, and then only in relationship to the principles of human association dealt with in the other chapters. In *Whose Service Is Perfect Freedom*, Douglas wrote: ". . . the first book on what has since come to be called social credit, *Economic Democracy* . . . was concerned almost wholly with the proposition that centralisation of power over initiative as opposed to individual freedom is a persistent and conscious policy . . . every effort has been made to obscure this fundamental issue, and to represent the Social Credit Movement

as concerned with a "discredited monetary scheme, which has been tried in Alberta and has failed". Douglas made it clear time and time again that he was not concerned with monetary reform *per se*, but sought to make the financial system the servant of the true purpose of the individual, which he described as "self-development".

When Douglas wrote in *Economic Democracy* that "Systems were made for men, and not men for systems", he clearly indicated that he accepted implicitly the Christian philosophy with its stress on the uniqueness and the value of the individual. Douglas subsequently felt that he should attempt to make this aspect of his teaching clearer. In an address to a Social Credit Conference in London on June 26th, 1937, he provided a formal definition of Social Credit as "The Policy of a Philosophy". He elaborated as follows: "In a great many people's minds, Social Credit is a scheme of monetary reform, and the explanation of why any scheme of monetary reform is having such heavy going is, of course, because we are all suffering under a wave of so-called 'prosperity'; and, obviously if your conception of Social Credit is that it is merely a scheme of monetary reform, you will follow the curve of monetary reform . . . Social Credit is the policy of a philosophy. It is something based upon what you profoundly believe . . . to be a portion of reality. It is probably a very small portion, but we have glimpsed a portion of reality, and that conception of reality is a philosophy, and the action that we take based upon that conception is a policy, and that policy is Social Credit".

Large numbers of Socialists were attracted to what Douglas had to say on finance because they grasped that finance is an instrument through which central planning can be imposed upon individuals. It would be possible to give a long list of names of people who at times called themselves Social Crediters and who subsequently became Socialists. Some, like Dr. Hewlett Johnson, the Dean of Canterbury, became Communists. The writer was astonished to find after addressing a group of French-Canadian Members of the Canadian House of Commons who called themselves Social Crediters, that one prominent member of the group expressed the view that the Communists in the Soviet Union and Red China were "using Social Credit". Before the war

one heard some money reformers eulogising what Hitler and his National Socialists had achieved in Germany. Hitler was certainly a money reformer, but it would be a travesty of truth to call him a Social Crediter. Douglas's philosophy was that control of the credit system should be so adjusted that he could plan his own life in voluntary association with his fellows. There is an old Chinese proverb which says that it is no use running if you are on the wrong road. Improving the financial system as a mechanism without considering purpose could lead to an even quicker and greater disaster than that now threatening mankind.

The violent Socialist and Communist opposition to Social Credit as the policy of a philosophy is logical because it recognises the fundamental antagonism between two concepts of reality. This was brought out clearly in a long discussion between Douglas and the famous Fabian Socialist leader, Sidney Webb. After Douglas had dealt successfully with every objection raised concerning the practicability of his proposals, Webb finally said that he could not accept them because he did not like their purpose. What then is the purpose of Social Credit? And why does it produce such antagonism amongst groups which have different labels? The purpose of Social Credit is to make the Christian concept of freedom a reality, to place the individual in the position where he can in voluntary association with his fellows decide his own destiny. Douglas described Social Credit as "practical Christianity", and was at pains to stress that Christianity was a religion of realism. He rejected the charge that Social Credit was a Utopean scheme thought up by idealists.

Unlike those monetary reformers who, having realised the enormous power which centralised control of the credit system gives the controllers, and who seek to impose their own conception of Utopia upon other people, Douglas pointed out that this conception in practice could only mean totalitarianism. In the following statement he dealt with the menace of Utopias as imposed by idealists:

"When we accuse the world's great financiers of being merely conscienceless buccaneers, there is a sense in which we do them less than justice, and at the same time fail to recognise the deadly danger which they embody. The great

financier is in most cases a great idealist, and sooner or later constructs a Utopia which it is his constant endeavour to impose upon the world . . . society is never in more deadly danger than when it is committed to the mercies of the idealist, and particularly the Utopianist . . . what we really demand of existence is not that we shall be put into somebody else's Utopia, but that we shall be put into a position to construct a Utopia of our own".

Douglas observed that "the more human personality develops, it becomes more individualised and specialised in its outlook, and less amenable to centralised direction". Subsequent developments have confirmed Douglas's prediction that centralised credit control must inevitably lead to increasing centralisation in every other sphere of human activity. But in turn this centralisation produces increasing friction and revulsion, much of it unconscious, but nevertheless a potent force which the centralisers attempt to meet by progressive totalitarian measures. The only answer to the developing threat of the World Police State, is effective decentralisation of the control of financial credit into the hands of individuals. But acceptance of this concept first requires acceptance of a philosophy which stresses that genuine freedom, which is impossible without an acceptance of personal responsibility, is necessary for the true purpose of man. The basis of real freedom is an economic system which enables the individual to produce his basic creature comforts in the shortest possible time. But, as Douglas said, the very economic system which could provide genuine freedom for the individual has been used to enslave him. Instead of freeing him from unnecessary work, it is used to force him into engaging in still more unnecessary work. This matter cannot be satisfactorily resolved until sufficient people have clarified their philosophy concerning man's true purpose and have learned to distinguish between means and ends.

Social Credit policy will never be accepted by any individual until he accepts its underlying philosophy. It is true that in the early years Douglas did present Social Credit first as Policy before making any comprehensive examination of the philosophy in which it was rooted. But up until the time *Economic Democracy* was written, it was reasonable

to assume that in countries like Britain the Christian philosophy, although misrepresented and obscured, was still widely accepted. There was still widespread faith in the institutions evolved over centuries. A Civilisation is the incarnation of undergirding values associated with a dominant philosophy. The outward forms of institutions can still survive long after the values which gave rise to them have been eroded. Douglas increasingly pointed out that the philosophical base of Western Civilisation was being attacked by "Dark Forces", and that Social Credit as a policy had no hope of developing until there was a re-clarification of philosophy. At a time when it is becoming clearer to many that the policies of a philosophy of collectivism, irrespective of whether called Socialism, the Planned Economy, or the Welfare State, are sterile, it is significant that there is evidence in the English-speaking world of a new interest in Social Credit as the policy of a philosophy. Numerous ventures into what Douglas described as "the bog lands of party politics" have proved that Douglas was correct in his view that Social Credit required the development of a new type of political activity, one in which individuals developed themselves through constant and purposeful involvement in activity aimed at restoring initiative to an electorate which would gain faith through action; that it could make political democracy work as a necessary preliminary to making economic democracy a reality.

Inspired by the teachings of Douglas, the non-party Australian League of Rights has produced a growing number of small, decentralised Action Groups of dedicated individuals, meeting regularly, engaging in constant intelligence correspondence with Members of Parliament, improving their own knowledge and understanding of what Douglas termed Social Engineering, participating in numerous political activities, and demonstrating that mass movements are not necessary to have a major impact in a community. This is Social Credit in action. It is also a demonstration of the Christian view of man, that he is more than "matter in motion", but possesses a spiritual capacity which we can term creative initiative. It was the development and realistic application of this spiritual capacity which Douglas taught was the only hope for a better world.

SOCIAL CREDIT IN NEW ZEALAND

by V. F. CRACKNELL, M.P.,

Leader, New Zealand Social Credit Political League

It is one of the great ironies of our time that in an age of interplanetary space travel, made possible by the triumphs of science and technology, world trade should be in danger of being stifled and economies of great nations like Britain are stagnating—all because man cannot devise an efficient financial system.

Half a century ago the way out of such an impasse was outlined by Major C. H. Douglas, but it is only now, under the threat of total breakdown in the world monetary system, that some of his ideas are again receiving wide currency. For Social Crediters throughout the world, there is now heartening evidence that after all, their efforts in perserving and promulgating the concepts of Social Credit have not been in vain.

Consider this statement, for instance, by none other than the Managing Director of the International Monetary Fund, Mr. Pierre-Paul Schweitzer, concerning the new S.D.R. scheme: "These Special Drawing Rights, created as it were by the stroke of a pen, will be essentially entries in the books of the Fund . . . Some people like to think of them as money, others as a form of credit . . . The material point is not how they are named but what can be done with them".

On the same subject, a New Zealand economist, Dr. W. B. Sutch, had this to say in a recent radio interview: "You know that banks create money. There is a plan now going through the Parliaments of the world (and it has passed through our Parliament) that the I.M.F. shall invent some money. These are called Special Drawing Rights and they would be allocated to each country in accordance roughly with their national income . . . They would be free, or virtually free, extra foreign exchange which would be internationally acceptable in transactions. And this, by inventing

international money, seems to be the method by which we could finally get away from gold”.

So here we have present-day economists telling us what Social Credit has always maintained—that we must get away from gold, and that we must create sufficient purchasing power at the international level to finance the total volume of world trade, and at the national level to finance the purchase of total production by consumers.

I feel this is a major vindication of Social Credit, and on this basis I cast my vote in the New Zealand Parliament in 1968 for my country's participation in the S.D.R. scheme.

But while Social Crediters will applaud this belated enlightenment of world monetary thinking, they will quite properly continue to have reservations about control of the new scheme. For example, the United States has 30 per cent. of the voting power in the I.M.F., so that if the U.S. doesn't want an increase in the amount of S.D.R's when the matter is considered, as planned, every five years, then it won't take place.

On the other hand, the whole point of the scheme is missed if poorer nations are not helped by it and world trade stimulated. So small countries like New Zealand must do all they can to press for greater dependence on S.D.R's and lesser dependence on gold, and to attempt to make the voting procedures of the I.M.F. more democratic and less dependent on the views of international bankers.

Above all, the New Zealand Government and the governments of all small nations must see that the present concept of the scheme is not changed at a later date so as to make it a device for allowing interference by international financiers in their internal affairs. The present dependence of Britain on the I.M.F. through its borrowing under the old system is to be deplored; but this is all the more reason to speed the introduction of the S.D.R's, which are for the most part debt free.

All this is on the international scene: what about the application of Social Credit to domestic economies? Here too, we find Social Credit ideas being revived.

For instance, the “Sunday Times” on September 29, 1968, outlined a plan for a “national dividend” set out in a Conservative Political Centre pamphlet, “The New Social

Contract", by Tory back-bencher Sir Brandon Rhys Williams.

The article (by Dryden Gilling-Smith) explains: "A large slice of existing social security benefits and personal tax allowances could be replaced by a straight tax-free payment, a national dividend, to all citizens—an idea first advanced just over 50 years ago by C. H. Douglas of Social Credit fame".

"The Times" on November 11, 1968, carried a news item which graphically illustrated how unnecessary is much of the burden of our present public debt. The headline read: "London Transport Bill wipes £270 million off debt". The report said this represented 90 per cent. of the capital debt owed by London Transport to the Government.

In New Zealand a few years ago, when the Government borrowed from the World Bank for railways development, some £70 million was written off the railways debt to meet the bank's requirements. (But when I suggest in Parliament that more of this writing-off of public debt should be undertaken, I am still strongly criticised).

In the United States, some Social Credit ideas are evidenced in the writings of the Chicago school of economists (headed by Professor Milton Friedman), who place great emphasis on the importance of the volume of money in an economy. The U.S. House of Representatives Committee on Banking and Currency in 1964 brought out an excellent report which showed how the U.S. Government could and should create more money on its own behalf instead of issuing interest-bearing bonds.

And here in New Zealand, Social Credit, politically organised in the League which I represent in Parliament, is making considerable progress in spreading the truth of the Social Credit message. I am certain that we will take further strides in the General Election of 1969.

IS THE U.S.S.R. OPERATING THE SOCIAL CREDIT TECHNIQUE?

by V. R. HADKINS,

Hon. Sec. Social Credit Co-ordinating Centre

IN 1934, C. H. Douglas gave evidence to the Agricultural Committee of the Alberta (Canada) Legislature. In answer to a question he said:

“A short time ago, two or three years ago, I was approached by the Soviet ambassador in London to see if I could render them any assistance in their situation. I had most of their data, and I talked over the whole situation with them and I have met at various times the chief consulting engineers of the Soviet government and so forth. I said that I could do nothing for them at the present time, that their problem is a problem of production; they have not got the things to distribute. Our problem in Gt. Britain, Canada and elsewhere is a problem of distribution. We have either actually or potentially more than we know what to do with and that situation has been brought about by private administration of tools of production with certain limitations imposed on them by government.

I do not think, with one or two exceptions, that there is any country in the world at the present time, certainly no country operating under what one would call westernised conditions of mass production, the use of power, which is primary to the whole thing, I do not think there is any country in which it is at all difficult physically to provide the whole population with the highest possible standard of living that anybody could reasonably desire. In the westernised countries it is entirely a problem of distribution, and a problem of distribution can only be solved either by a dictatorship or a modified financial system . . . it is possible to provide for the general public a higher standard of living, through the agencies of a dictatorship, but that involves a

surrender of all those things for which the Anglo-Saxon race has fought for a thousand years”.

Whether or not the successors of those early Russian emissaries returned to Douglas later, is not known to the writer, but there is now evidence of the operation of a very different money system in the U.S.S.R. from that operating in the western world. (We must be careful to understand certain terms in common use. When our Press writes of the Free World, World Banks and Western World, they mean non-Communist in each case).

First then, there is no money market in the U.S.S.R. When the world slump developed in 1931, there were no effects of it in the U.S.S.R. though all those countries tied to the western money system suffered. As it is certain that the world slump was due to financial causes, it appears that even then the Russian economy was unaffected by financial fluctuations in the outside world.

Also, there is no investment in Russia from the outside, through trade between Russia and the West is growing all the time. Such trading is essentially one of goods for goods, primarily bilateral but not necessarily so, since Russia is also a gold producer. It can thus pay in gold, which is universally acceptable, for anything required from beyond its boundaries.

As there is no money market, there is no need for hire-purchase as we know it. Consumer durables are paid for either by accumulated savings (which attract a 2% interest payment) or, by special arrangement, by weekly payments, but the price is the same either way—there is no interest charge for hire-purchase. As hire-purchase interest charges here are often in the region of 15%, an inflated price results.

In 1965, Frank Allaun, M.P. for East Salford, and much concerned over housing conditions and rents in the industrial north, went to Russia to examine their housing methods. He found that, whereas in this country rents vary from 15% to 25% of the income of the lower paid workers, in Russia they were around 4%.

Of course the major difference in house-building is that here, everything, including land and building materials, is privately owned. There, everything is State owned.

In order to build houses, Local Authorities now pay up to 9% for hiring the money to buy the land and pay for materials and labour.

In Russia, when the powers that be decide that houses or flats should be built, land is allocated without charge and a credit is supplied to enable materials and labour to be brought to the site. No charge for interest is made, and the real cost to the tenants is the total labour cost, the wages and salaries paid out in all stages of the construction. Other, inter-factory costs, are merely accounting media, not purchasing power, as will be seen later.

The rents charged also cover the estimated repairs and decorations, and the central heating, lighting and cooking facilities. Management costs are very low, as rents are paid into a branch of the National Bank by the tenants.

In this way the Community's Credit stands behind the operation, and the value of the new building becomes an addition to the national wealth. The only purchasing power (money available to spend on consumer goods) appearing before the houses are completed is that of the wages of the building workers. This is similar to the Douglas technique, and buying in instalments over the estimated life of the building, without interest charge, is similar to the scheme propounded by Prof. J. D. Unwin in "Hopousia". (Allen & Unwin, 1940).

A more detailed account of the working of the Communist financial-economic system was recently given by a correspondent of "The Economist". Briefly, the situation there is as follows:

The U.S.S.R. has one big State bank which combines all investment in Soviet industry and includes all the Savings Banking throughout the land.

All industrial enterprises get roubles and credit (credit forms almost 50% of industry's circulating capital, and there is talk of making it total). But the roubles and the credit *are not purchasing power*. Nor do they bear interest. They are merely accounting media.

"A Soviet industrial enterprise bank account is conceived of merely as a mirror, reflecting the firm's performance, its costs discipline and its efficiency in carrying out the task

set for it . . . It is the plan, not the size of its bank balance, which determines the amount of steel, say, that a Soviet bicycle factory buys from a steel factory. The system of planning is primarily of the physical term, and money and credit are secondary instruments".—*Economist* 16.11.68.

What is physically possible (and deemed desirable by the U.S.S.R. planners) is therefore made financially possible. Goods come first, and accounting tokens are issued to float them through industrial processes.

This is essentially the Douglas technique in that credits are made available to industrial enterprises free of interest and redeemable only when the cycle of production is complete, to enable them to proceed at maximum potential. Workers wages and salaries then absorb the production in the normal capitalist way.

The prices of consumer goods are not decided by the profitability of any one section of industry, but by the total of wages and salaries distributed throughout, and the total of all consumer goods available for sale.

Furthermore, the workers have no say in the type, quality and quantity of the goods available in the shops. This is the point at which "the plan" and personal choice are at variance, and scarcities and perhaps black-market pressures develop. This is evidenced by the long queues for housing and consumer durables mentioned by the contributor to the *Economist*.

It will be seen from the above that the system is rigidly controlled by the planners. The individual makes no personal decision on production. The planners decide what fraction of the national productivity goes to consumption goods, and in what proportions, and the individual conforms by buying what is made available for him to spend his money on. It would also appear that excessive advertising such as we have in the west to 'push' any particular product is unnecessary until planners mistakes become evident through the non-sale of particular commodities.

In its attitude to foreign trade, the U.S.S.R. shows differences from that in the West. In the West, foreign investment doesn't necessarily result in an exchange of goods of equal value. The U.S.S.R. requires payment in goods over

a period of years. Where it is possible this is in goods made by the plant which incurred the debt in the first place.

When a foreign country wishes to import on credit then the terms are $1\frac{1}{2}\%$ to 2% interest, but repayment must be in goods of the country concerned.

The prices paid for foreign goods are based on world average prices. The U.S.S.R. is interested in obtaining foreign currencies only as a means to the importation of goods from those countries.

Loans to Socialist countries are made on similar terms to those to foreign countries, though the interest rates can be, and are, waived under special circumstances.

This brief account of the working of the U.S.S.R. economy can be filled in by reference to "Banking in the U.S.S.R." published by The State Bank of the U.S.S.R., Moscow, 1962.

The U.S.S.R. has accepted that part of the Social Credit technique which recognises that money is costless and therefore should not be issued at interest; also that the community's credit is the basis of all production. What they have not accepted is the fundamental philosophy behind the Douglas proposals.

"Systems were made for men, and not men for systems, and the interest of man which is self-development, is above all systems, whether theological, political or economic".

"Economic Democracy", C.H.D., 1920.

The individual member of the Soviet society is not free to develop his personality along a path chosen by himself. He is a cog in the State machine and must accept that status. He may not contract out, or 'vote with his feet' by leaving the country, nor marry beyond the ideological boundaries. Art and imagination must conform to the Soviet Socialist image.

This is neither Christian nor Humanist.

The danger of using a part of the Social Credit technique without Social Credit basic philosophy is now clearly to be seen.

The Russian Gross National Product is increasing twice as fast as the average in the West, and the planners there are

able to devote to defence, space research and other status projects, whatever fraction of it their fear of the outside world dictates. There is no debate in parliament about the fraction to be so used. It is space research, rockets and defence before butter. The people share what is left of the economy.

Professor Richard Bellman of the University of S. California is a theoretician helping in the design of advanced computer systems. Three years ago he made two widely publicised statements which could be summarised in these few sentences:

"It is currently possible for the total American Gross National Product to be produced by 2% of the population using computers and other *available* technology.

The computer we have today is not a very advanced machine. If we compare it with, say, the commercial airliner, then today's computer is about equivalent to the DC3 (Dakota). We can already foresee the systems of the Concorde era".

Douglas always maintained that the present money system cannot distribute the goods which the mass production era is capable of pouring out.

Neither the western world nor the U.S.S.R. appreciate this. If you are in doubt about this, hear the parrot cry of "Full Employment" from the politicians in all Parties in the west, and read the statement in "Banking in the U.S.S.R."; "The right to work is guaranteed by the Constitution of the U.S.S.R."

This really means—"Work is the sole means by which consumer goods may be obtained".

But this, as Douglas never fails to remind us, is a relic of a pre-power age, and he is joined by Professor Bellman. Writing of Bellman in the Westminster Bank Review, Rex Malik states:

"We can—in the industrialised world at least—produce enough to go round. Whether we choose to do so or not is not a question of our production know-how; it is a matter of politics and the know-how of distribution. *Our ability to provide enough for our requirements depends upon techniques which cannot work at maximum efficiency without a drastic*

reduction in the employed labour force. Our near-future riches—and the speed with which we obtain them—probably depend on our ability to train what (in terms of the employable labour force we have) is a minute proportion of the population so that they can—with the help of machines—put the rest of us out of work. Scarcity-based economic theories are ceasing to have much relation to the real world—to the puzzlement, it seems, of most economists. For the basic postulate here—that mass-employed man power is a drag on economic progress—runs counter to much current political and economic philosophy”.

On May Day, 1930, giving evidence before the Macmillan Committee on Finance and Industry, C. H. Douglas submitted: The general principles required of any financial system sufficiently flexible to meet the conditions which now exist and continue to reflect the economic facts as these facts change under the influence of improved process and the increased use of power. These principles are:

- (1) “The cash credits of the population of any country shall at any moment be equal to the collective cash prices for consumable goods for sale in that country (irrespective of the cost price of such goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption.
- (2) “The credits required to finance production shall be supplied not from savings but from new credits relative to productivity, and shall be recalled only in the ratio of general depreciation to general appreciation.
- (3) “The distribution of cash credits to individuals shall be progressively less dependent on employment, that is to say that a dividend shall progressively displace wages and salaries as production keeps increasing per man hour”.

We now see that Western computer scientists, forty years later, are quite unwittingly restating Douglas’s third principle “to the puzzlement, it seems, of most economists”, and the U.S.S.R. is partially operating the first two principles, and in so doing eliminating “Britain’s handicap in the economic race with Russia”, as stated by Allhusen and

Holloway in their book "Money: the Decisive Factor" 1959.

The world is now divided into two armed camps; divided by two money systems which are mutually exclusive. Each is operated by a dictatorship through a monopoly. In the West it is a Dictatorship of Finance through the monopoly of Credit. In Communist countries it is the Dictatorship of the State through the monopoly of the ownership of all material assets.

Each fears the other, and response to these fears is a massive research into, and development of, ever more secret and terrifying weapons in the name of Defence and Space Research.

The U.S.S.R. builds a wall of Satellites around itself which the West tries to breach in the names of "Freedom of Movement" and "Freedom of Communication" (and the freedom of Finance to cross all national boundaries). Each attempts to woo the uncommitted remnants of the world by loans; from the West at very high interest rates; from the U.S.S.R. at 2%.

If the people of the world are to survive, we must cry:

"A plague o' both your Houses!

They have made worm's meat of me".

We must eliminate dictatorship from both these systems and democratise the world's money.

If this is not done, the two Dictatorships will eventually fight out the issue and in so doing destroy the civilisation which man has built up so painfully and so slowly.

We can have little hope of influencing affairs in the U.S.S.R. We can only urge the politicians in the West to stop arguing on T.V.; to stop blaming each other for the financial morass we wallow in; to take the necessary steps towards a financial system which is honest, in which money will maintain its value and both businessmen and ordinary people are able to look ahead with confidence, without fear of depressions and financial crises.

But this will not be possible if the Douglas technique is separated from the Douglas philosophy.

"The interest of man which is self development, is above all systems . . . "

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We believe that Social Credit has the philosophy and the technique to produce in man—the unique creative animal—an infinite variety of physical, intellectual and spiritual development; that it can also distribute wealth among all peoples of the world without war, and without the necessity for a campaign to wage war on want.

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