

Social Credit: Prophet and the Doctrine



By JOHN A. IRVING

UNTIL its victory in the provincial election of last June in British Columbia, most people believed that the Social Credit movement was confined, in any effective sense, to Alberta. But the upsurge in British Columbia has created a widespread impression that Social Crediters may make startling gains in the coming federal election.

The leaders of the movement have been quick to capitalize on the fact that they now control the two fastest growing provinces in Canada. Mr. Solon Low and the Reverend E. G. Hansell have recently redoubled their efforts to convince the Canadian people that Social Credit is the only party with a future.

According to one claim, Social Credit is now sufficiently strong in western Canada to send to Ottawa enough MP's to hold the balance of power in the next Parliament. Other Social Crediters maintain that their party is dynamic enough to absorb the Progressive Conservatives.

It is doubtful if any movement in Canada has been so much discussed or so little understood as Social Credit. The party has been in power in Alberta for nearly eighteen years. Yet the average Canadian still thinks of the prophet of Social Credit as an economic and religious crackpot. Our journalists airily dismiss the monetary theories of Social Credit with the epithet "funny money." Liberal, Conservative and CCF politicians alike glory in their complete "inability" to understand the doctrines of Social Credit.

An objective analysis of the movement, free from partisan bias, is needed. Such an analysis must include certain facts concerning the career of William Aberhart as well as exposition of the basic doctrines of Social Credit.

There might have been a Social Credit movement in Alberta without William Aberhart. But without this prophet such a movement could never have achieved political power.

Like Aimee Semple Macpherson and Father Coughlin, Aberhart was born and educated in Ontario. He was always especially proud of his BA degree from Queen's University. Migrating to Calgary in 1910, he soon became principal of the new Crescent Heights High School. Accompanied by considerable newspaper publicity, in which the achievements of his pupils (and their principal) were glorified in a spacious American man-

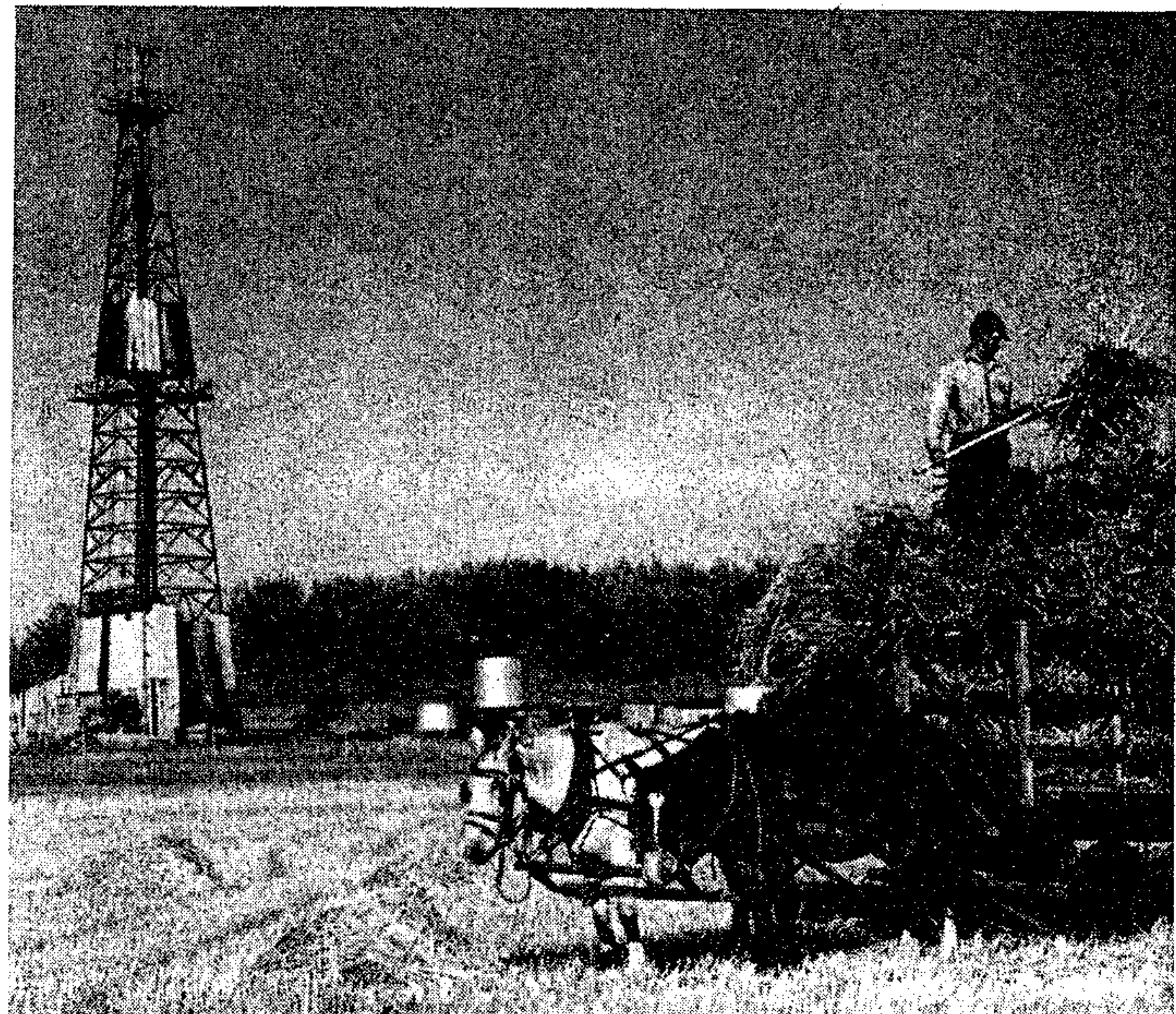
ner, he developed this school into one of the largest and best-organized institutions in Western Canada.

Aberhart first became prominent in Alberta, outside educational circles, as a religious leader. In his youth he had fallen under the influence of a great Bible teacher, and had hoped to enter the Presbyterian ministry. Shortly after arriving in Calgary he organized a Bible Class, which met in a succession of Presbyterian and Methodist churches, later in a Baptist church. By the early nineteen-twenties his following had become so large that he organized the Calgary Prophetic Bible Conference which assembled on Sunday afternoons in the largest theatre of the city to hear him give two-hour interpretations of Christian fundamentalism and Bible prophecy to audiences that numbered 2,200.

ONE OF THE turning points in his career occurred in 1925. Owing to the enthusiasm of his followers he was persuaded to broadcast his Sunday services over CFCA, known as "The Voice of the Prairies" and, until recent years, the most powerful radio station in Canada. His broadcasts were so successful that he organized a Radio Sunday School which grew even more popular. By the use of radio, Aberhart built up a personal following that, according to some estimates, numbered between two and three hundred thousand persons. In 1927 his religious activities were put on a permanent basis when he and his followers built in the heart of Calgary the large Prophetic Bible Institute.

Until his fifty-fifth year, although Aberhart personally favored the Conservative party, he had never taken part in civic or political activities at any level, nor had he engaged in public discussion of economic questions. As the depression of the nineteen-thirties developed, he became acutely aware of the plight of the unemployed graduates of his school. In the autumn of 1931, certain young men who knew him well, both as high school teacher and as religious leader, urged him to tackle the problem of the depression. They elicited no apparent response.

But one night in Edmonton, the following summer, under circumstances that have become legendary, he began to read the exposition of Social Credit contained in Maurice



IMPERIAL OIL.

WHEN the Great Depression hit Alberta's farmers. Social Credit was born. Later, the lusty infant prospered on the rich revenues which flowed from the newly-discovered oil fields. Today the farmers work in the shadows of derricks—and vote for Social Credit.

Colbourne's *Unemployment or War*. Many hours later, as the hot July sun rose over the prairies, Aberhart laid down the book. He decided that Social Credit was exactly what Albertans needed to redeem their province from the depths into which the depression, the politicians and the bankers had plunged it. He would be the saviour.

What is the gospel of Social Credit which was destined to prove so effective politically in Alberta? In its most developed and complex form, the philosophy of Social Credit includes a monetary theory, a political theory, and an interpretation of history. Its monetary theory sets out to explain the inner workings of the capitalistic financial system and to offer a remedy for its unsatisfactory functioning in periods of depression and inflation. Its political theory re-interprets the role of the individual in the democratic state. Its interpretation of history suggests that such events as depressions, wars, and revolutions are the outcome of a long-existing Judaic plot or conspiracy to dominate the world.

UNDERLYING these three basic doctrines of Social Credit is a moral-religious theory of the fundamental rights of man. This doctrine has been variously expressed in terms of elusive conceptions such as Cultural Heritage, Political Liberty with Economic Security, and the Struggle of the Powers of Light against the occult Powers of Darkness in the World. At no time has Social Credit advocated the overthrow of the capitalistic system or of private enterprise.

Social Credit owes its origin to a Scottish engineer, Major C. H. Douglas, who died last year. While living in India as the representative of Westinghouse interests, he had been impressed by the fact that many developments, *physically* possible from

the engineer's point of view, are *financially* impossible. As assistant director in England of the Royal Aircraft Works during the First World War, he made comprehensive studies of cost accounting. He concluded that, in over 100 industrial establishments, the weekly sum total of wages and salaries was continuously less than the weekly collective price of the goods produced. Upon this conclusion he formulated his famous "A + B Theorem."

IN THIS THEOREM, A = the flow of purchasing power to the masses (as represented by wages, salaries, and dividends), and B = bank charges, overhead costs, taxes, and the cost of raw materials. If A + B represents the cost of production under the financial system, the rate of flow of purchasing power to the masses will be less than the rate of flow of prices in the same period of time.

There will thus be a discrepancy, which Douglas maintains must be permanent, between A (the purchasing power of consumers) and A + B (the total cost of production). The "A + B Theorem" became the key conception of Douglas' economic theories. It provided him and his followers with their principal slogan, "Poverty in the Midst of Plenty", a paradox which clearly has great propaganda value in a period of widespread social unrest fostered by an economic depression.

On its negative or critical side Social Credit maintains that a permanent deficiency of purchasing power is inherent in the capitalistic financial system in the Machine Age. On its positive or constructive side it seeks to solve the problem of distributing the abundance of goods produced, as well as to increase production. It is maintained that other proposals for social reconstruction suffer

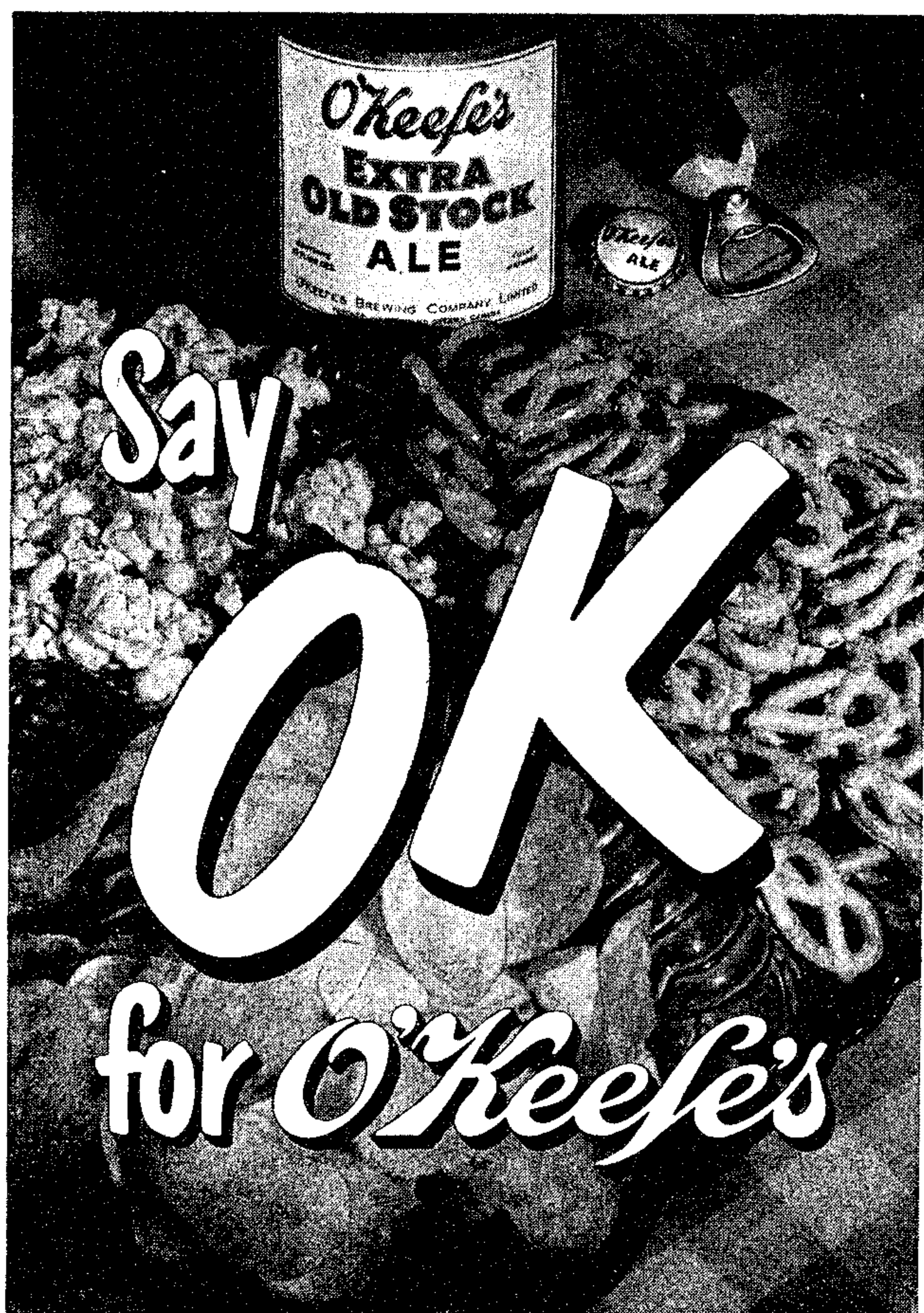


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from three fallacies: that there is a limit to production; that work is the only just prior condition of individual income; and that there is magic in state ownership.

Social Crediters also insist that other reformers have not realized the significance of the distinction between financial credit, which is based upon gold, and real credit, which is based upon such factors as raw materials, power, and labor. Under the existing system, they say, financial credit has fallen into the control of bankers who, through its manipulation, exploit the community for purposes of private profit; a "functional" financial system should be concerned with the issue of credit to the consumer up to the limit of the productive capacity of the producer. By this device the consumer's real demands would be satisfied. The productive capacity of the industrial system would also be utilized and developed to the fullest extent.

The present political system of democracy has led to the development of economic slaves, they continue. Money has become the master rather than the servant of man. The people, as the sovereign authority, have lost their control over the monetary system. Their sovereign authority has been usurped by bankers, who have set up a financial dictatorship. By controlling credit, bankers make ineffectual the voting power of the people. The economic system no longer fulfils a moral purpose. Instead of economic security and freedom from want, the individual is faced with "poverty in the midst of plenty", misery, and unhappiness.

If the economic system is to function successfully, Social Crediters believe that the state must make at least three fundamental changes. First, it must recover its control over the monetary system. Second, it must issue social credit in the form of a *national dividend* (based upon a survey of the real wealth of the nation) to every person. Third, to prevent the possibility of inflation, it must establish a *just price* for all goods.

The evils in the existing economic system can be remedied by supplying the people with credit based upon the potential goods and services of society. This is the people's right, their *cultural heritage*. Only in this way will the individual be freed from wage slavery, be able to choose the work he likes best, be in a position to claim those goods which are rightfully his so that he can enjoy more leisure time. There was, from the beginning, a moral foundation for the changes in the monetary system proposed by Social Credit. The financial system must be reformed to enable the individual to achieve the fullest measure of self-realization.

As a political theory, Social Credit is presented as a "Way of Life": human nature is essentially good; the individual, as the most important fact of society, is an end in himself, not a means to an end; personal freedom is the most precious possession of life; every individual should therefore have political freedom, at the same time that he enjoys economic security; the state exists solely to

promote the individual's welfare, freedom, and security.

The Social Credit Way of Life is compatible with both Christianity and Democracy. But its philosophers are extremely critical of the existing form of political democracy. They are, of course, bitterly opposed to Socialism and Communism.

Social crediters assert that there exists today only constitutional democracy, not functioning democracy. Parliament should be under the direct and continuous control of the electors. In actual practice, the people's representatives are controlled by the party machine. In place of the present system of limited state dictatorship, it is proposed to restore sovereign authority to the people. They must be organized in a "Union of Electors" through which the individual can directly express his aims and desires to his representatives in Parliament.

As an interpretation of history the theories of Social Credit are curiously familiar and at the same time most elusive. When Douglas's incessant criticism of "Finance" became threadbare, he evolved the colorful doctrine that national and international events can only be understood in terms of the machinations of a select group of international bankers, most of whom bear Jewish names. These bankers are indissolubly linked with a long-standing Judaic conspiracy to dominate the world, he said, and they work through the Masonic Order. They use both international capitalism and international communism to achieve their evil ends. Thus the wars, depressions, and revolutions of our time can be understood if we realize that they are the result of the activities of world conspirators.

The emphasis that has been given in Canada to each of the three aspects of the philosophy of Social Credit has varied with the time, the occasion, and the person. But there can be no doubt whatever that, for Aberhart, Social Credit was essentially a theory of monetary reform. Its moral foundation was linked with the idea of the cultural heritage. Its religious foundation was derived from his own interpretation of Christian fundamentalism and Bible prophecy.

In his interpretation of both Social Credit and Christianity, Premier E. C. Manning of Alberta has ever been the undeviating disciple of Aberhart. The slightest manifestation of anti-Semitism is utterly repugnant to Mr. Manning's character. It is, therefore, grossly unjust to accuse Mr. Manning of anti-Semitism in any form. If the national leader of the CCF made such an accusation last autumn (as was reported in the Press), he was guilty of a basic misunderstanding of the Aberhart-Manning attitude to Social Credit.

A prophet and an ideology are necessary for the development of a social movement and the formation of a new political party. But without operating tactics and strategy both the prophet and the ideology will remain ineffective. In subsequent articles we shall discuss the conquest of Alberta by Social Credit and assess the national prospects of the movement in the federal election of 1953.