

INTRODUCTORY SOCIAL CREDIT TRAINING COURSE - LECTURE 2
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In Lecture 1 we saw how there are two basic philosophies in the world, each diametrically opposed to the other. Now obviously these two philosophies and the policies arising from them, result in two different types of organisation. In this Lecture we are going to study these two types of organisation. All organisation has to do with the association of individuals. In his "*Tragedy of Human Effort*",

Douglas writes:

"The general principles which govern association for the common good are as capable of exact statement as the principles of bridge-building, and departure from them just as disastrous."

Human society is essentially an organisation, and to be successful organisation cannot be a haphazard affair, but as Douglas says, a definite science. Why do individuals associate?

In answering this question it is essential that we draw attention to the fact that what is termed "Civilization" was unknown at one time in human history. Mankind at one period lived the life of wanderers. The only unit was the family, or possibly the tribe. Civilisation resulted from the nomadic life being exchanged for the settled, permanent community life. Various historians have given slightly different versions of how Civilization started, but they are all agreed that it was the result of individuals discovering that by living in permanent communities, they could obtain results which otherwise were impossible of attainment. As the historian Elliot Smith has put it: "True civilisation began when man adopted a settled mode of life based on the practice of agriculture. The realisation of the possibility of obtaining a secure means of sustenance without giving up his whole time to the daily search for food, induced man to settle in a definite place which he made his home. It also provided him with the leisure and the inducement to devise arts and crafts and a social organisation, the need for which was not felt by simple nomads". Although obscured by the complexities of modern Civilisation, the primary objective of social life remains what it was originally: to obtain greater security and freedom for the individual. It is of fundamental importance that we realise clearly that society is a device which exists for the benefit of individuals, that society is built up from the individual and that all organisations which have been evolved through social life are for the purpose of serving the requirements of individuals.

L. D. Byrne has written:

"The reason individuals associate is in order to gain some common objective which would be impossible or more difficult for them to attain if they worked for it separately. The conviction that by association they can gain the objective they desire, brings these individuals together as a group, co-operating to a pre-determined end. This is true of any association of individuals. It is true of a factory, of a temperance league, of a nation or of society as a whole. To the degree that the individuals forming such associations are convinced that they attain the objective or objectives for which they are associating, the group will function vigorously. It will progress and be successful. But if it fails to yield to its individual members the results which they expect from their association, these individuals will become dissatisfied with the association and the group will tend to break up. It is the operation of this ever-increasing dissatisfaction with the results of the present social system which we are witnessing on every hand - and which is leading to the rapid disintegration of civilization."

The type of association described by Byrne is the result of voluntary association. Individual members of the association are free to leave the association if they are not satisfied with the results being obtained. In such associations organisations are designed specifically to get members of the association the results they desire. We can perhaps best contrast the types of organisation we are studying, by picturing them diagrammatically.

The democratic organisation can be pictured as a circle with a centre. In such an organisation, which, let us recall, is the result of a philosophy which conceives of all power as arising within the Individual, there is decentralisation of power. In our diagram we can visualise the people as forming the circumference of the circle and bringing pressure upon their various institutions at the centre to get them the results desired.

We can examine this matter further by using the analogy of a cricket club. Individuals are free to join the club or to leave it. They associate for the purpose of playing cricket.

They next elect a committee, which is charged with the responsibility of ensuring that the members can play cricket under the best possible conditions. We can note here that the members don't tell the Committee how to get them the results they want; they simply judge by results. Now, if the Committee feels that cricket is an inferior game to golf and tries to insist that all members of the club shall play golf, obviously the members will protect their rights by simply leaving the club - contracting out. The most effective control that the individual can have over any organisation is the freedom to withdraw his support of that organisation if it does not give him what he wants. Douglas has commented as follows in "The Big Idea":

"Genuine democracy can very nearly be defined as the right to atrophy a function by contracting out. It is essentially negative, although contrary to the curious nonsense that is prevalent about 'negativeness', is none the less essential for that reason. The power of contracting out is the first and most deadly blow to the Supreme State."

We can thus see that where there is compulsion of individuals, compelling them to do things they do not want to do, we get a different type of organisation from the type we have been studying. This type of organisation can be shown diagrammatically as a pyramid. In this type of organisation a few people at the apex of the pyramid have all power and authority. There are various strata in the pyramid, all comprised of groups of people who are controlled by the stratum above. At the base of the pyramid we have the great majority of the people, and their only chance of furthering themselves in this type of organisation is by intrigue and corruption. Every stratum in the pyramid must maintain its position by controlling all those below it and by making itself subservient to those above. In such organisation the worst in human beings is developed, not the best.

At this point we can examine with profit two extracts from Douglas's "*Economic Democracy*":

"The danger which at the moment threatens individual liberty....is the Servile State; the erection of an irresistible and impersonal organisation through which the ambition of able men, animated consciously or unconsciously by the lust of domination, may operate to the enslavement of their fellows....In attacking capitalism, collective Socialism has largely failed to recognise that the real enemy is the will-to-power, the positive complement to servility....." (Chapter 3).

It might be observed here that the will-to-power does not only manifest itself through the manipulation of the financial system.

“A little consideration will at once suggest that this type of organisation carried to its furthest limits is pyramid control in its simplest form, and it is clear that successive grades or ranks decreasing regularly in the number of units comprising each grade, until supreme power and composite function is reached and concentrated at the apex, are definite characteristics of it. The next step is to split the functions of the higher ranks so that each unit therein becomes at the head of a separate little pyramid, each of which as a whole furnishes the unit composing a larger pyramid; in every case, however, eventually concentrating power and responsibility in one man, representing the power of finance and of control over the necessities of life.” (Chapter IV)

"Since the analysis of existing conditions, which we have undertaken, shows that any centralised administrative organisation is certain to be captured by some interest antagonistic to the individual, it seems evident that it is in the direction of decentralisation of control that we must look for such alteration in the social structure as would be self-protective against capture for interested purposes...To be effective...against positive centralisation, positive decentralisation will have to come - decentralised economic power is necessary." (Chapter VII)

Having clearly grasped the difference between the totalitarian form of organisation, as shown by the pyramid, and the democratic, as shown by the circle, it is now essential that we examine two words which we are going to use extensively from now on - Policy and Administration. Policy may be defined as results which the individual desires. In a genuine democracy, all policies would be indicated by free individuals. Obviously the individual is the greatest living authority on what results he requires. Thus we talk about democratisation of policy. But an individual's policy, whether it be the desire for a shirt or a game of cricket, can only be achieved by an appropriate organisation. This concerns the methods whereby the individual is to get the results he desires. This is the administration of policy.

A little thought will indicate that the administration of the individual's policy cannot be conducted on a democratic basis. We can quote two statements by Douglas on this matter:

"The idea that administration can be democratic, however, is not one which will bear the test of five minutes' experience. It may be consultative, but in the last resort some single person must decide." (1956)

".....centralisation is the way to do it, but it is neither the correct way of deciding what to do nor the question of who is to do it." ("*Economic Democracy*", Chapter 2)

Experience has proved that the individual has his policy most efficiently administered when the administrators are left completely free to devise ways and means of giving the policy maker what he wants. It is, of course, essential that the policy maker be in the position to discipline the administrators if they do not produce the results desired. In the economic sphere, the policy maker can control the productive and business system so long as he has the power to contract out - i.e. if one organisation will not give him what he wants, he can refuse to support that organisation with his money "votes". The test of all successful organisation is that individuals can be made responsible for their actions. It is clearly obvious that no administration can be successful unless there is personal responsibility. This applies as much to a game of cricket as to a business undertaking.

The individual has every right to decide whether or not he desires to play cricket, but once the game actually starts he takes his instructions from the captain.

When we grasp the fundamental differences between policy and administration, we can see how the Socialist call for the "common ownership" of the means of production, distribution and exchange, diverts attention from the correct principles of organisation. This propaganda by the Socialists suggests that the main problem in the economic sphere is in the field of administration.

But the individual is not primarily interested in the legal fiction concerning "common ownership"; he is not interested in being an alleged part owner of a shoe factory, nor, unless he is employed in the production of shoes, is he interested in how (administration) shoes are made. What he is interested in is obtaining the type of shoes he required. This is policy. Once the policy has been decided, by individuals, the experts in shoe making must be left to devise the best ways and means of obtaining what the individual requires. To suggest "democratic control" of administration would be the same as suggesting that there could be "democratic control" of a cricket team. The whole idea is contrary to the most successful principles concerning organisation.

Discussing the vital difference between policy and administration, L. D. Byrnes said :-

"If administration is to be left to the persons best qualified for the work (of implementing democratically decided policies) and if they are to be held personally responsible for giving the group the results it wants, then the administrators must be placed in positions of complete authority so long as they give the group the results it wants individually and collectively. For this purpose, the centralised, or pyramidal type of organisation must be employed. In other words, having decided what results they want, and having secured the persons prepared to accept the responsibility for providing the methods for obtaining these results, the individuals comprising the group proceed to take instructions from them... "

"On consideration the conclusion will be inescapable that if society is to be organised so that its individual members in association get what they want, when the democratic form of organisation must be used for enabling the people to determine policy and impose their will in this respect on the administration.

Similarly, the centralised, or pyramidal form of organisation must be employed in administration - that is, in the application of methods to provide the results wanted by the people - the persons in the administrative positions being held responsible for the results yielded by their administration. Society organised on these lines is known as democracy...."

Although we shall not examine the matter in detail in this lecture, it is necessary to grasp the fact that there are two main types of organisations to give the individual the policies he decides upon - political organisations and economic organisations.

In order that the individual shall have complete sovereignty in respect of all policy making, it is essential that these organisations be not permitted to become Monopolistic. Where there is Monopoly of any description, the Individual loses his greatest power - the right to contract out in favour of another alternative.

We must always keep the fact firmly fixed in our minds, that genuine democracy is decentralised control of policy making. This is in harmony with the Christian philosophy that all power and authority should arise from within the Individual, who should have the greatest possible self-determination.

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QUESTIONS ON LECTURE 2

1. What do you understand by successful organization?
2. Give three examples of organizations that do not legally permit the individual to "contract out".
3. Write a short essay on the will-to-power.
4. If a letter appeared in your local press, urging that, in order to further decentralization, and democracy, State Governments should be abolished, and a number of regional Councils be set up to administer policies from Canberra - write a short letter which you would send to the press commenting upon this proposal.
5. When does Monopoly operate?

ANSWERS TO QUESTIONS ON LECTURE 2

1. Successful organization is that which results in forms of association from which the individuals is able, without external positive penalty other than the loss of the benefits of that association, to contract out. On the positive side, successful organization is characterized by associations whose increments are placed at the direct disposal of the individuals who compose the association or group. The inherent faith of the individual in his associations will then and only then be firm and durable. There must therefore be freedom of association. The above would thus ensure positive decentralization of control and economic power a prerequisite to successful organization.

2. (1) The taxation system
(2) The financial system
(3) The federal ballot systems - Political

3. "Will to power" is characterized by attempts to set up pyramidal Organizational forms to control not merely administration of policy but the policy objectives themselves, in the interests of some single individual or small enclave of individuals or minority. Compulsion is a cardinal feature of this totalitarian form which violates the principle of freedom to contract out, and centralization of control is an objective of the will to power, that is centralization of the power to determine policy through a pyramidal form of organization mentioned above. Ideally the pyramidal form is that in which the stratum above controls the one below in such a way that the vast majority of individuals are at the base under the control of the various strata above until at the apex all power is concentrated in one individual. Decentralized economic power is essentially the answer to the effects and the temptation to will to power, against which it would be automatically self-protective and hence positively decentralist.

4. To the Editor,
Dear Sir,

Your correspondent (...) uses many words which indicate that he is either consciously or unconsciously attempting to mislead your readers into thinking that methods which actually further centralization obtain decentralized control by placing it in the hands of one group – Canberra - after taking it from the hands of the state governments. Surely decentralization implies plurality; and centralization single direction; monopoly, unified control. It seems to have escaped the notice of your correspondent that genuine democracy is either decentralized control of policy-making or else totalitarianism attempting to masquerade as democracy.

Yours Truly

5. Monopoly operates when there is little or no possibility of contracting out of associations by individuals in favour of alternatives.