

INTRODUCTORY SOCIAL CREDIT TRAINING COURSE - LECTURE 8
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It is a matter of fact that prior to the 1914-18 war, there was a far bigger percentage of the population in England and other Western European countries in possession of independent incomes than is the case today.

Taxation was low and individuals were able to save more than they can today, and in turn re-invest to obtain financial dividends which were a useful supplement to wages and salaries. Physical inheritance in the form of homes and properties was not destroyed by the savage death duties imposed by modern governments. The power of Governments was much more severely limited.

There was a greater degree of Parliamentary control because Parliament decided how much money the Government was to be permitted to spend. As Major Douglas pointed out, from the start of the industrial revolution up until the outbreak of the 1914 war, Western European peoples were moving towards a Social Credit Society. There can be little doubt that, in spite of many evils, most of them the result of financial rules, the mechanisms of savings and inheritance were providing individuals with an increasing amount of independence. Given time, the necessary adjustments in the sphere of finance would undoubtedly have extended independence to all sections of the community. But the 1914-18 war shattered the organic development taking place. The perversion of history has obscured the fact that the first World War marked the end of an era and the open emergence of policies which have progressively centralised power ever since. Governments no longer relied upon the amount of money Parliaments would vote them; they started to draw direct upon the people's credit. The technique differs in various countries, but the features basically are the same. New financial credits are created by Treasury Departments and Central Banks, and used by the growing bureaucracy to divert the nation's real credit, its productive capacity into projects which the central planners state are necessary. And high taxation is maintained as a permanent policy of control to try and ensure that individuals cannot build up sufficient reserves to make themselves genuinely independent. Socialist and Communist agitation helps foster the myth that the less fortunate members of society can only be helped by heavily taxing those who are economically better off. The total result of these and associated policies is a steady drive towards the complete Totalitarian state.

The basic problem, therefore, confronting those who desire to avert the disasters so plainly threatening, is how to halt and reverse the present policies of centralising power. And this brings us to the important point that there is no such thing as a Social Credit "scheme" or "plan". Social Credit is the policy of a philosophy of freedom. According to situations and events, appropriate steps can however, be taken to advance towards a Social Credit Society. For example, every victory by individuals over Governments, forcing them to disgorge some of the power - no matter how small the amount may be - they have centralized, is a step towards the genuinely Free society.

Social Credit strategy and tactics are concerned with how steps can be taken towards the ultimate objective of a society in which the individual has effective control of the Social Credit. In considering Social Credit strategy and tactics, the first major point to be made is that a full appreciation of the real nature of Social Credit automatically divorces it from Party Politics as operating today. To submit to electors for discussion and debate proposed methods for altering financial and economic policy is as unrealistic as asking consumers to discuss and vote upon the best method of producing the shoes they desire. As we saw earlier in this course, genuine democracy is concerned with indicating the results desired by the individual and making the appropriate experts personally responsible for those results. Social Credit

education is designed to show the individual that he is morally entitled to a dividend; that he is a shareholder in an inheritance built up by his forefathers. Douglas has shown how this dividend can be paid and there is a vast amount of first-class Social Credit technical literature available for those who have a flair for financial technique. It is desirable that the Social Credit Movement possess adequate competent financial technicians - and experts on other aspects of Social Credit - but the main task is to show people how to act correctly, to use the power they still possess to obtain results that they believe are easily obtainable and morally and spiritually desirable. Douglas said that "I do not care the traditional celluloid cat in Hades whether my name is ever associated with a single one of these measures or not". He was primarily concerned that sufficient individuals not only believed that there was a real basis for a tremendous expansion of individual freedom and independence such as mankind has never before visualised, but that this belief found expression in appropriate action. While it is true that an individual's increased grasp of Truth does make available a power which can lead to increased freedom for the individual - "The Truth shall make you free" - this power must be harnessed by the correct techniques. The theory of thermo-dynamics, for example, concerns the discovery of a truth concerning a natural force. But it is not the theory of thermo-dynamics that drives ships, it is the application of the theory via the various motors, etc., which makes power available in such a way that a big ship moves against tremendous water resistance. Nothing happens by people merely believing the truths of the Christian religion. In order that the "Word shall be made flesh", appropriate action must be taken and the necessary organisations, and human relations established. Social Credit tactics are therefore concerned with discovering, or if necessary, creating mainly through practical experiments in the field of human associations, the mechanisms through which the individual can realize his Social Credit. In his various writings, Douglas dealt with the various fields in which the competent and equipped Social Crediter might apply whatever special talents he feels he possesses.

He can, if he desires, specialize in the political field, the constitutional field, the religious field, or he may even be a competent "all-rounder".

But all his actions, stemming from his philosophy, must be directed towards the increasing of the power of the individual over his institutions and over his own destiny. No political party as such can possibly teach and help the electors to take progressive steps towards realizing their Social Credit - although there is no-reason why individual Social Crediters cannot work within parties so long as they do not involve in any way the integrity of Social Credit - Parties are primarily concerned with obtaining votes either to gain power, or the semblance of it, or to retain power. Social Credit policies will not be implemented by merely counting heads.

The first essential is to change the present climate of opinion from one in which the individual feels increasingly helpless to alter events. A great deal of the pessimism and materialism of our times stems from the persistent presentation of current economic and financial "trends" as "inevitable". Systems have been perverted from serving the true purposes of man to gods which must be worshipped. The elevation of means into ends is a deadly attack upon the fundamental truth of Christianity, a matter which Douglas dealt with in his latter writings, in which he pointed out that modern politics and economics were operated in a moral vacuum. There is no rightness about them. The situation is a challenge which the Christian Church must accept if the materialistic climate of opinion is to be altered and the soil prepared for the growth of new policies - policies decentralizing power instead of centralizing it; policies freeing the individual instead of policies which destroy the individual by forcing him into bigger and bigger mobs.

The most pernicious and dangerous perversion of means and ends, is the doctrine of Full Employment; the insistence that the economic system exists to "make work", not to provide the individual with increasing free time and a dividend. So long as "unemployment" is presented as a "curse" instead of a desirable result of a development of the industrial arts,

it is unrealistic to consider any change in financial policy. But once the truth is accepted, it is relatively easy to consider a financial policy to make it a reality.

Social Credit policy would leave the production and financing of the goods and services "voted" for by the consumer under private; competitive enterprise. But it would break the Monopoly of Credit by preventing Governments from arbitrarily creating new financial credits against the nation's real credit and compelling the individual to engage in centrally-directed projects in order to obtain what is his by right of inheritance. It is typical of the perversion so widespread today, that modern Governments and their "advisers" and planners are doing the very thing they falsely charge Social Credit with advocating; arbitrarily creating new money without any consideration of economic truths. Social Credit financial proposals are designed to ensure that the rate of creation of new financial credit is governed automatically by the facts of production and consumption, not by politics. The statistical information is already available to show how much additional new credit is necessary over any given period to ensure that consumers possess sufficient purchasing power to meet the total price of the consumer goods for sale. These new credits would be issued direct to individuals as dividends, which would be a correct reflection of the economic truths we examined in our last lecture.

We need not concern ourselves here with the administration of the dividend or how it could be slowly applied under existing conditions. The important thing is to grasp the principle of what might be described as a nation-wide scheme of profit sharing.

As there would be a tendency for prices to rise if the whole of the new credits necessary were paid direct to individuals, just as prices rise today as the result of the creation of new financial credits, Douglas proposed that portion of the new credits should be used to reduce prices by subsidies. As reduced prices mean an effective increase in purchasing power for all consumers, price subsidies are merely another mechanism for distributing dividends to the individual. There is no longer any argument that new credit can be used to subsidise prices and prevent inflation. The principle, borrowed from Douglas without any acknowledgement, was introduced in all English-speaking countries during the war.

Portion of the thousands of millions of new financial credits created for war production was applied to price-subsidy schemes which, effectively prevented inflation. In Australia, the policy of abandoning price subsidies, initiated by the Chifley Government in 1958, was directly responsible for the subsequent inflation. Increased wages are no more a contribution to a solution of a deficiency of consumer purchasing power than is the issue of more credit via more capital production. Both policies merely increase the total costs of industry which ultimately are reflected in higher prices. Here we have the basic cause of class warfare and an explanation of why Communists oppose any change in financial policy which, by placing new credits direct in the hands of the individual, would be a genuine and permanent increase in purchasing power and not foster inflation.

The Social Credit principle of price subsidies is, like all other Social Credit principles, directly related to a fundamental truth, in this case the truth concerning the real cost of production which we have already examined. A falling price level would be a correct reflection of the steady reduction in the true cost of production.

Again this true cost, on a national basis, can be demonstrated statistically and the student who is interested in the technical aspects can consult the appropriate Social Credit writings on the subject. Price subsidies would, of course, be paid only on production bought by the consumer, thus ensuring effective economic democracy.

Having grasped the principle of a non-political body, similar say, to the Auditor-General's Department, tabulating periodically the amount of new financial credit to be issued to individuals via direct dividends and subsidised prices, the question then arises:

"Then how would Governments obtain financial credit for Governmental activities?" And, the answer is, of course, that Governments would be like private enterprises; they would have to come to individuals and persuade them to "vote" some of their money tickets to projects suggested as sound investments. There are various ways and means by which this could be done and Social Credit constitutional proposals deal with the question. With credit power decentralized and vested in individuals, individuals would then be in the position to control the rate of investment of their own credit. The power of Government would be drastically reduced and the nature of Parliament changed to something similar to a Board of Directors, representative of all interests in the community, and forcing the Executive to put forward all projects for which they required finance - in exactly the same way as an Executive of a sports club can put a project before members and ask whether they will finance it.

Having clearly grasped that Social Credit is the policy of a philosophy of freedom, it will be seen that all Social Credit action is designed to allow the organic development of free associations in society as the result of the freeing of individual initiative. Social Credit will not come by passing more Acts of Parliament, but by a retreat from Government. This is the first essential, and any action which reduces the power of Government is a step in the right direction. This does not appeal to any Government, because they are all corrupted by power. And here we note the fundamental cleavage between Social Credit and reform movements who seek power and office in order that they may use the power to implement their particular reform. Social Credit is not a reform movement, but a movement dedicated to the reduction of all centralized power in order that the individual may be free to live his own life. It is therefore not a movement for place-seekers and power-lustres. It attracts only those who are prepared to make the necessary effort to equip themselves in order that they may follow the famous advice given a long time ago. He who would be the greatest among ye must be the servant of all.

One competent and dedicated Social Crediter in every community throughout a nation would ensure that all policies of totalitarianism were halted and that policies for increasing freedom and independence gained increasing support. A Social Credit Society will eventually arrive, not through the creation of any mass movements, but through organic growth initiated and fostered by individuals determined to make the philosophy of freedom a reality. And the majority of those who benefit from policies of freedom may never hear the term Social Credit. But they will participate of that reality which Social Credit policies aim to release. And in the last analysis, it is reality, and not merely the description of it, with which we are primarily concerned. To use Douglas' wonderful statement, "Social Credit aims to release reality".

SOCIAL CREDIT TRAINING COURSE

QUESTIONS ON LECTURE 8

Many a stayer has stumbled at the last hurdle. In this task question No. 5 constitutes a goal worth arriving at.

1. Give examples of taxation being used as an instrument of control.
2. Name several steps which, if taken, would be leading to a Social Credit Society.
3. Mention associations in which you feel – give reasons why – you can work towards showing people how to work towards the Social Credit objective.
4. Why would nationalisation of Banking by modern governments be disastrous from a Social Credit viewpoint?
5. Suggest limited steps by which the dividend principle might be applied immediately.

SOCIAL CREDIT TRAINING COURSE

ANSWERS TO QUESTIONS ON LECTURE 8

1.
 - (a) Graduated income tax which stifles more able enterprise resulting in a socialistic levelling down process.
 - (b) The business provisional tax, which discourages even the beginning of individual enterprise.
 - (c) Death duties, which disinherit.
 - (d) The arbitrary selective indirect taxes and duties on individual products and services which decide which type of community or individual enterprise will survive or the relative vigour and popularity of one form of activity with respect to another.

2. Firstly the establishment of the just price and national dividend in a gradual manner by first reducing taxation, slowly extending subsidies from new credits, not taxation. This is to be done with the aid of production and consumption figures produced by say a non-political "Auditor General's Department. If the general situation did not allow implementation of the above immediately, every opportunity to campaign against increasing government power should be taken, support local government. See that local councils use their funds in accordance with the people's wishes. Encourage individuals to see that, particularly in association they are not powerless against the omnipotent state in specific objectives.

3. Examples of associations which would work towards Social Credit objectives would be
 - (1) a dedicated body of citizens planning a demand on a local council even to have a telegraph pole moved from one objectionable spot to another, will show individuals that they are not powerless.
 - (2) Even when a specific national concern such as fluoridation of water supplies arises, a small, dedicated association of individuals can show the majority where their rights are being sacrificed.
 - (3) Associations to educate the public as to why dividends are their natural birthright, and why heavy taxation is immoral, and as such a violation of individual rights.
 - (4) a "Union of Electors" to impress upon politicians that they are our servants, not masters, of the people.

4. Nationalization of banking, from a Social Credit point of view would be disastrous, because it would finally centralize all control of credit. In Australia this has virtually happened. At least the form of control has finally been put into place.

5. The dividend principle might be immediately applied by drastic tax reduction on individual goods and services, and by the extension of family allowances and pensions paid at a lower age in greater amounts, not taken from taxation but from new credits.