"All that is necessary for the triumph of evil is that good men do nothing . . ." — EDMUND BURKE.

THE AUSTRALIAN LEAGUE OF RIGHTS

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THE VOID BECOMES APPARENT! by Neville Archibald

An absence of something can be infuriating. You know you need it and you can cope with out it for a short time, but you usually put it on the shopping list.

Then there is a Void. Something that you didn't know was there or know may have been there, but you cannot realise the full impact of its disappearance until you need it to make sense of an outcome or an in depth study.

Jon Turk put it very well in his travel/adventure book, *Cold Oceans* (ISBN 0-06-095325-x). Jon is paddling a kayak through the Magellan Straights and is talking of the Yamuna Indians who once lived there.

"They left no permanent physical mark on the land, no bent grasses where they slept, no stick and leaf shelters, no paintings of naked bodies snuggling warmly together against the icy rain."

"The only remnant is a void. Voids are hard to see at first. We are not trained to look for them, but once they appear they glare like neon."

A fabulous book, I find this part particularly grabbed my attention, so much so that I wrote it down in my journal, along with some notes about the Voids I too might be missing. I pondered on it for quite a time as it was not just a physical absence he was talking about, but a spiritual or conceptual absence also.

I recently went on a cave tour: Solomons caves near Chudbury in Tasmania. It was here that I remembered Jon's words. Our excellent guide, Aaron, was lamenting the loss of the bones of animals that had fallen in via the original sink hole. They were cleared out in the very early years of the 1900s to make a more pleasant experience for visitors. There was no accurate record of where they went, or what they were. The disturbed dirt and rock that was moved aside, was also not categorised with any real detail. To sift through this detritus now would be interesting, but would not provide a date-able timeline. This absence was one of record keeping and could never be fully recovered. Only conjecture remained.

Why am I rambling on about this?

The void of good decision making on a national basis is also hard to see, until such time as it's effects are hard to miss. At that point it becomes, as Jon pointed out, like a neon glare.

In 1975, the government, under Whitlam, signed the United Nations Lima Declaration.

https://alor.org/Storage/Library/PDF/Lima_Declaration.pdf

It was through this, that all governments moving forward, have sold out Australian Industries and workers, by specifically agreeing to transfer manufacturing to Third World countries, supposedly to help them develop.

Almost all trade agreements since then have been to the detriment of Australians, to the point now, where even the simple things we used to make are only manufactured overseas.

Global corporations have been the only real benefactors in this race to move offshore and we are still reeling from it. A policy, that I stress, all major parties have agreed on.

This Void of responsible management for our own nation's industries in favour of multinational industries and thereby no commitment to Australians, has become so obvious now we almost expect it. The argument that free trade agreements would help boost economic and job growth in Australia, (its original claim) can clearly be seen to have had the opposite affect.

A friend spoke to me of a meeting with his local politician where he asked about the Lima Declaration and its existence, he was promptly called an anti- Semite. What prompted this outburst could only be seen in one of two ways. He had been told to squash any mention of it, or he knew of it and wished to deflect any discussion for fear of embarrassment.

Either way that proves to my mind that he is unsuitable for the job as a representative. Unlike the detritus from the cave, the poor or shall I say purposely flawed decision making of the past, is indeed well documented. Parliamentary Hansard, the record of voting on all government decisions, will give an accurate record of who allowed these policies to be enacted. Other records, within the bureaucracy, are also available to be examined to help flesh out the details. We can recreate a timeline for this descent into scarcity amid plenty. Where the mistakes were made and who was primarily responsible for it at the time.

On the odd occasion when we do get an answer to an enquiry into something suspicious, much is said, but little is done. Following through we find many of these mistakes are often repeated. The perpetrators, I often like to respell that word, Perpe-traitors, for that is in reality what many are, have sold our countries prosperity for a mess of pottage for themselves. Leaving behind a trail of destruction while advancing themselves forward into the very groups that benefit from it.

As a nation we expect to advance, to move forward towards better lives and outcomes. Our knowledge of the world increases with each passing year, our understanding of the social condition, our ability to produce efficiently with less labour input, all moves us forward.

It is within our ability to make sure we all benefit from this advancement. That our civilisation actually profits from it, not in a financial sense, but in more realistic, material terms. Hunger, housing and health should show a definite improvement over time. Quite the opposite appears to be the case.

Our homeless, our poor, our underfed and our sick, waiting for a broken hospital system, are the bulbs by which we can measure the intensity of that (neon) glare.

We are going backward and if I sound sour, it is because I am. Trust is something to be earned. The person who visits my workplace to shake my hand and campaign for election, with promises of a better outcome, must live up to their word before that trust is given. The voting outcomes for all parliamentary decisions should be listed in neon, on the windows of their campaign offices, nay, all town notice boards in their electorate. Maybe then accountability might be achieved. ***https://theyvoteforyou.org.au/***

The reasons for the void of good decisions must become neon for the whole populace, not just we disgruntled ones.

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THE DELUSION OF SUPER-PRODUCTION by C. H. Douglas

***English Review* December, 1918**

It is hardly necessary to draw attention to the insistence with which we are told that in order to pay for the war we must produce more manufactured goods than ever before - a powerful section of the Press would have the whole military, political, social and industrial policy of the Allied Governments directed to the purpose, that, when by a complete victory we have acquired control of raw material and disposed of our most dangerous competitor, we may adjust our internal differences and settle down to an unfettered era of commercial activity, from which all other desirable things will, it is suggested, proceed naturally.

There are an almost infinite number of aspects to this proposition which is not dissimilar, so far as it goes, from that with which Germany went to war: it is possible to attack it from the point of view of the historian, the psychologist, or even the physiologist. It is even possible that certain quite indispensable suffrages have still to be obtained for it. But it is sufficiently interesting to take it as it stands on a frankly material, "practical" basis, and see what are its logical consequences.

A fair statement of the argument for unlimited and intensified manufacturing subsequent to the war would no doubt be something after this fashion:

(1) We must pay for the war. (2) This means high taxes.
(3) Taxes must come from earnings.
(4) High earnings and low labour costs can only be continued if the output is increased.

Before dealing with these points let it be thoroughly well understood that, as compared with the economic power of absorption, the world was over-manufacturing before the war in nearly every direction. If any person capable of independent thought disagrees with this statement, he will no doubt be able to explain the immense development of advertising; why the cost of selling a sewing machine, amongst many other instances, was higher than the manufacturing cost; why a new model, not novel in any real essential, appeared from most of the motor-car works each year, thus automatically depreciating the value of the previous year's fashion, and why, in spite of all these and countless more desperate efforts to stimulate absorption at home, aided by the barter of trade gin to our black brother abroad, the stress of competition to sell was daily growing more insupportable, the main pressure, of course, appearing in the guise of labour troubles, unemployment, strikes for higher wages, etc, but being definitely felt all over the social structure and being focused from a national point of view in the struggle for markets; of which struggle war was the inevitable and final outcome.

Bearing this selling pressure in mind, let us consider what will be the post-war situation, assuming any reasonably early termination of hostilities, and in the absence of any radical modification in the economic structure.

It is almost impossible to form any accurate estimate of the extension of manufacturing plant which has taken place in the British Empire since 1914, but on a gold standard basis it is almost certainly to the value of not less than £750,000,000, and may be much more. To this has to be added the still more gigantic expansion of industrial America, with Japan, France and Italy by no means idle; and the fact that Germany and Austria have clearly put forth a comparable effort.

But, still more important, these extensions are largely homogeneous instead of being accretions on small jobbing plants. In spite of a number of notorious instances of bad design, the main object-repetition-production by modern methods has been achieved, and in consequence the output per individual has gone up in most cases several hundreds per cent. and in some cases thousands per cent. And by the introduction of women into industry on a large scale the available sources of labour supply have been greatly increased.

On the whole, therefore, the plant and the organisation for manufacturing have been expanded in every great country to many times their pre-war capacity; much of this extension is easily convertible to peace-time uses; and while the raw material side of the question is rather less easy to compute it is possible that something to feed into the machines might be available for a considerable period of unlimited activity, although by no means indefinitely. Therefore it may be accepted as obvious that the factory system of the world is prepared, to a degree transcending anything dreamt of in the past, to flood the market with any article on which a profit in manufacture can apparently be made.

But absorption is a very different matter, and, in considering it, a clear idea of what is meant by the power of absorption is necessary. It is quite incontestable that the real power of absorption of the world after the war will be considerable; the repair of the devastated areas, housing schemes, power, railway, shipping, aerial and other transport problems will all require the effort and attention of civilisation, not to mention the demand for a higher standard of life all round.

But the capitalist manufacturer means by power of absorption the total money or credit value available as payment for his goods, and in the last resort this is represented by the total sum of the spending powers in cash or credit of the units of the population. The contention of the existing capitalistic and financial authorities, on whom of course the responsibility for the policy rests, is that super-production would mean high wages and the high wages would mean high absorption power, and so on. Let us see.

The factory cost - not the selling price - of any article under our present industrial and financial system is made up of three main divisions - direct labor cost, material cost and overhead charges, the ratio of which varies widely with the "modernity" of the method of production. For instance, a sculptor producing a work of art with the aid of simple tools and a block of marble has next to no overhead charges, but a very low rate of production, while a modern screw-making plant using automatic machines may have very high overhead charges and very low direct labour cost, or high rates of production.

Since increased industrial output per individual depends mainly on tools and method, it may almost be stated as a law that intensified production means a progressively higher ratio of overhead charges to direct labour cost, and, apart from artificial reasons, this is simply an indication of the extent to which machinery replaces manual labour, as it should. Now, for reasons which it is hoped will be clear from what follows, the factory cost, including management and indirect labour of the total factory output of any article is always more than the total sum paid in wages, salaries, and for raw material, in respect of it. Consequently, the total output of the world's factory system is inevitably costed at a figure greatly in excess of the salaries and wages which go to the production of it. Selling charges and profit merely increase the price and decrease the purchasing power of money, as, of course, *caeteris paribus* do general rises in wages.

In order to realise clearly this most important relation between factory cost and money released, it must be borne in mind that manufacturing, or, what is commonly called production, is conversion, and just as the conversion of mechanical energy into electricity or heat into mechanical energy involves a dispersion, which for practical purposes is a loss, so the conversion of manufactured articles can never take place without a similar economic dispersion. Obviously the balance, which is represented by this economic dispersion must go somewhere. A little reflection will make it clear that it represents depreciation, obsolescence, scrapped material, etc., all of which are charged to the consumer instead of being a charge against the value of the product. In consequence of this the book value of the world's production is continuously growing more and more in excess of the capacity to absorb or liquidate it, and every transaction between buyer and seller increases this discrepancy so long as the exchange takes place at a figure in excess of the total wages, etc., which go to the various conversions of the product; with the result that a continuous rise in the cost of living absolutely must take place, apart and above that represented by currency inflation; palliated by intrinsically more efficient productive methods, but leading along a path of cumulative fierce competition and harder toil to an absolutely inevitable breakdown. The money required for public works can only be provided by loans or taxation, a decreasing amount of which is returned in wages and salaries; an increasing amount going to swell the mortgage held by the banker and the manufacturer on the effective effort of the world's population.

The complete fallacy of the super-production argument as it stands is apparent; it must be clear, if the statements just made are admitted, that neither apparently high wages nor even apparently cheap items amongst the articles produced can evolve a social system having in it any elements of stability whatever.

There is no more dangerous delusion abroad in the world at this time than that production *per se* is wealth - it is about as sensible as a statement that because food is necessary to man he should eat continually and eat everything. Production is necessary and desirable just so long as the actual thing produced is a means to something else which is necessary to humanity, and like everything else the thing produced has to be paid for by effort on the part of someone. So far from the necessity of this country and the world, being an orgy of unlimited production, the first need is for a revision of material necessities, combined with sound scientific efforts, to produce to a programme framed to meet the ascertained demands; not artificially stimulated, but individualistic in origin whenever possible.

Such a programme might be allotted in sections amongst the available producing centres at block prices, and such producing centres might again contract with the whole "effort" (i.e., staff and labour) involved, at a price to cover the whole output; such price to include upkeep of plant, stocks, etc. Efficiency in operation would then result in shorter hours, and would itself be cumulative.

If such a policy can be combined with a large decentralisation of initiative, high rates of production would follow naturally, and the individual, for the first time, would begin to reap the solid benefits of the use of mechanism. On this basis it would be possible to attack the second urgent necessity, the reduction of money in any form whatever to the status of an absolute medium of exchange. These are not light tasks, but the alternative to their assumption is a weary pilgrimage which may have some very lurid passages. And in the end it may be found that the chief crime of the capitalist was that he was such a very bad capitalist; in that he neither recognised his assets, nor met his liabilities. ***

THE WHOLE WORLD IN DEBT *(GOLD)* CHAINS by C. H. Douglas

Manchester Despatch (1920s) (PART I)

- The crisis, the poverty, the mental and physical stress of these times are in a certain sense artificial.
- Many are starving in the midst of plenty.
- It is not goods and services which are lacking, it is the money with which to buy them.
- The 'problem' is described as an 'unemployment' crisis. It's not!
- Organisers, scientists and engineers have been engaged for hundreds of years in successfully producing this so-called 'unemployment' crisis.
- The so-called 'problem' is really the transfer of economic labour from the backs of men onto the backs of machines.
- We have been trying to do it for centuries, and have succeeded!
- The machines are capable of making the goods, but the unemployed lack the money to buy.
- Our situation should be one of freedom and leisure, but is disguised as one of 'economic catastrophe'.
- The actual and potential wealth of the world is far beyond the requirements of the highest standard of living - for the whole of the population.
- Why do our politicians and 'inspired' press keep harping that we cannot afford even our present standard of living, that our taxes must be increased?
- Why do they keep harping we must work harder and our social services must be curtailed? Why do they keep insisting our wages must be lowered? Sound familiar?
- Which, in effect, means: more taxes and lower wages.
- Which equals: less money to spend and we draw less upon the real wealth of the country.

The two claims cannot both be right:

- First, that the world is rich and getting richer (which is the claim of the engineer and the scientist
- Second: On the other hand, that it is poor and getting poorer (which is the claim of the financier and his protagonist, the orthodox politician).
- (Both claims cannot at one and the same time be true.)
- The man in the street is finally arriving at the conclusion; the scientist is right, and the financier is wrong!

Steps toward understanding:

How is it that the financial system presents a fictitious picture of poverty when, in fact, there is no fundamental poverty anywhere?

Do you realise that when you make goods or grow food - you do not make the money with which to buy the goods that you have made, or the food that you have grown?

The greatest factor in the creation of real wealth is the cultural inheritance of civilisation - scientific knowledge, tools, processes, organisation, and so forth.

Then comes raw materials, and especially solar energy, and of diminishing importance, is that of labour.

This cultural inheritance is beyond dispute the birthright of the whole community and not of any section of it.

The money which is required to distribute this real wealth comes from an entirely different quarter.

It is actually made by the banks, and the ownership of it is claimed by the banks.

The process is mainly a book-keeping process and has been epitomised by an historically well-known banker - the Rt. Hon. Reginald McKenna - in the words:

"Every bank loan and the purchase of every security creates a deposit, and the repayment of every bank loan and the sale of a security destroys a deposit."

Suppose you grew a ton of potatoes, and I wrote you out a cheque for £5 (remember this was written in the 1920s) and took your potatoes. If you were willing to accept my cheque indefinitely, it is obvious that as fast as you grew potatoes I could come into possession of them by writing out cheques for them.

If your only method of getting the goods and services which you require was by obtaining cheques from me for the purpose of handing them on to someone else, so long as I retained the monopoly of writing cheques, I should be potentially the owner of everything you and your neighbours could produce.

Although banks have the monopoly of the creation of money, no bank has ever been known to give money away. It lends money: that is its business, and it expects repayment, with interest.

In consequence, there is a certain volume of money flowing out from the banks in the form of loans, and a certain volume of money always returning to the banks in the form of repayment of loans.

It is this volume of money, and not the amount of available goods, which governs the purchasing power of the general population.

In order, for goods to be disposed of in the face of an inadequate supply of purchasing power, prices are driven down, with the result that producers make a loss and their producing plants are put out of action.

While the technical details of this situation are too complex for treatment in a short article, it is accurate to say that ultimately the core of the problem can be put into four words -

<u>"the monopoly of credit,"</u> and that the solution of the problem is also contained in four words -
<u>"the distribution of credit."</u>

Put simply, this means:

- The cultural inheritance is the birthright of the community, and forms the main basis of our immense productive capacity.
- The financial purchasing power necessary to transfer this production to the members of the community essentially belongs to them and not to the banking system.
- We are all of us entitled not merely by right, but by expediency, (i.e., suited to the end in view) to a large and increasing dividend based not upon work, but upon our inheritance.
- Without that dividend, it is impossible for the economic system to function since it is obviously useless to produce goods if they cannot be used, and the orderly production and distribution of goods depends upon orders backed by money.
- If our present civilisation survives the growing stresses and strains which are being placed upon it by an

ineffective monetary system, future generations will owe a great debt to such individuals as Mr. Montagu Norman, (a former) Governor of the Bank of England.

- The banking mentality is conspicuously unsuitable for the position of immense power in which circumstances have combined to place it.
- Neither a change of system nor a change of personnel by itself is sufficient, the issue lies in the outcome of a conflict between financiers and the general population.
- We must distinguish facts from figures!
- If our civilisation can provide both this change of system and the personnel to operate it…! ***

THE WHOLE WORLD IN *(DEBT)* GOLD CHAINS by C. H. Douglas (PART II)

(…Continued from previous article) Out of the welter of discussion and recrimination which has been proceeding on the subject of the economic and social crisis through which the world in general, and this country in particular, is passing, one idea stands out clearly. It is a new idea, and yet it has been, I think, grasped by a majority of the population.

It is that the crisis, the poverty, and the mental and physical distress which are the features of these present times, are in a certain sense artificial. We are starving in the midst of plenty. It is not goods and services which are lacking - it is the money with which to buy those goods and services which either actually exist or could potentially be made.

Money is only a ticket system.

It would appear that every effort has been made to confuse and obscure this issue. The crisis is described as an unemployment crisis, whereas a little consideration will make it clear that our scientists, our organisers, and our engineers have been engaged for hundreds of years, and successfully engaged in producing this so-called "unemployment" crisis, which properly considered is, of course, the successful transfer of economic labour from the backs of men on to the backs of machines.

That is what we have been trying to do, and that is what we have succeeded in doing. The machines are capable of making the goods, but the unemployed cannot buy them because they lack money, and to them a situation which should be one of freedom and leisure, appears disguised as one of economic catastrophe.

The actual and potential wealth of the world is demonstrably beyond all the requirements of the highest standard of living for the whole of the population.

What are we told by our politicians and our inspired Press and Broadcasting agencies?

That we cannot afford even our present standard of living, that our taxes must he increased, which, if it means anything at all, means that we have less money to spend on our personal requirements and can therefore draw less upon the real wealth of the country.

That we must work harder and our social services must be curtailed. That the wages of labour must be cut down, and the dividends of railway shareholders, amongst others, must be so reduced that they, in turn, will be powerless to obtain even that portion of this abundant and increasing wealth to which they have been accustomed.

Obviously these two claims, first, on the one hand, that the world is rich and getting richer (which is the claim of the engineer and the scientist), and on the other hand, that it is poor and getting poorer (which is the claim of the financier and his protagonist, the orthodox politician) cannot at one and the same time be true.

In spite of every hindrance to the formation of an instructed opinion, the man in the street has arrived at the correct conclusion. The scientist is right, and the financier is wrong.

Now, the first step towards understanding how it is that the financial system presents a fictitious picture of poverty when, in fact, there is no fundamental poverty anywhere, can, I think, best be taken by realising that when you make goods or grow food, you do not thereby make the money with which to buy the goods that you have made or the food that you have grown.

The greatest factor in the creation of real wealth is the cultural inheritance of civilisation - scientific knowledge, tools, processes, organisation, and so forth. A second factor is that of raw materials, and especially solar energy, and a third factor, of diminishing importance, is that of labour. This cultural inheritance is beyond dispute the birthright of the community and not of any section of it.

But the money which is required to distribute this real wealth comes from an entirely different quarter. There is now no dispute possible in regard to the matter. It is actually made by the banks, and the ownership of it is claimed by the banks.

The process is mainly a book-keeping process and has been epitomised by a well-known banker - the Rt. Hon. Reginald McKenna - in the words: *"Every bank loan and the purchase of every security creates a deposit, and the repayment of every bank loan and the sale of a security destroys a deposit."*

Suppose you grew a ton of potatoes, and I wrote you out a cheque for £5 and took your potatoes. If you were willing to accept my cheque indefinitely, it is obvious that as fast as you grew potatoes I could come into possession of them by writing out cheques for them.

It is also obvious that if your only method of getting the goods and services which you require was by obtaining cheques from me for the purpose of handing them on to someone else, that so long as I retained the monopoly of writing cheques I should be potentially the owner of everything you and your neighbours could produce.

Although banks have the monopoly of the creation of money, no bank has ever been known to give money away. It lends money: that is its business, and it expects repayment, with interest. In consequence, there is a certain volume of money flowing out from the banks in the form of loans, and a certain volume of money always returning to the banks in the form of repayment of loans.

It is this volume of money, and not the amount of available goods, which governs the purchasing power of the general population. In order, quite ineffectively, to enable goods to be disposed of in the face of an inadequate supply of purchasing power, prices are driven down, with the result that producers make a loss and their producing plants are put out of action.

While the technical details of this situation are too complex for treatment in a short article, it is accurate to say that ultimately the core of the problem can be put into four words - <u>"the monopoly of credit,"</u> and that the solution of the problem is also contained in four words -

"the distribution of credit."

Put into language which anyone can understand, this means that just as the cultural inheritance, to which I previously referred, is the birthright of the community and forms the main basis of our immense productive capacity, so the financial purchasing power necessary to transfer this production to the members of the community essentially belongs to them and not to the banking system.

We are all of us entitled not merely by right, but by expediency, to a large and increasing dividend based not upon work, but upon our inheritance, and without that dividend it is impossible for the economic system to function since it is obviously useless to produce goods if they cannot be used, and the orderly production and distribution of goods depends upon orders backed by money.

If our present civilisation survives the growing stresses and strains which are being placed upon it by an ineffective monetary system, future generations will owe a great debt to such individuals as Mr. Montagu Norman, the present Governor of the Bank of England.

For he has succeeded in demonstrating, even to the more public spirited amongst our bankers, that the banking mentality is conspicuously unsuitable for the position of immense power in which circumstances have combined to place it.

Neither a change of system nor a change of personnel by itself is sufficient, and in the last resort the issue lies in the outcome of a conflict between reactionary financiers and the general population.

Not only do we require a radical modification in the credit and financial system, but this modification requires for its operation a type of mentality which is capable of distinguishing facts from figures.

If our civilisation can provide both this change of system and the personnel to operate it, we can pass within a short period of time into, at any rate, an economic millennium.

As you read the following, remember C.H. Douglas was writing the above words nearly eighty years ago. He saw then the problem was not production… the problem was the distribution of production.

The answer is a philosophical answer!!!

World rulers en route to a different civilisation- the 20:80 society.

"World-class dreams are at home in San Francisco's Fairmont Hotel," wrote the authors of The Global Trap in 1997. "In this site steeped in history, the man welcoming the world's elite in late September 1995 is one of the few who has made himself history. Mikhail Gorbachev…"

The world's elite came to discuss and plan for the future - our future, only we have not been invited to have a say.

The following took place at the meeting:

"…The ageing self-made billionaire doesn't bat an eyelid. He is completely focused as he asks the central question in response: 'How many employees do you really need, John?' (asks David Packard, co-founder of the hi-tech giant Hewlett-Packard.)

'Six, maybe eight,' Gage dryly comes back. (John Gage, top manager at Sun Microsystems) 'We'd be really stuck without them. It's all the same no matter where on earth they live.'

The leader of the discussion, Professor Rustum Roy from Pennsylvania State University, tries to dig deeper: And how many people are currently working for Sun Systems?

Gage: 'Sixteen thousand. All but a small minority are rationalization reserves.'

Not a murmur passes through the room. The prospect of previously undreamt-of armies of the unemployed seems to go without saying for those present. None of the highly paid career managers from the company divisions of the future believes that there will be enough regularly paid jobs in any sector of the economy in the technologically demanding growth-markets of hitherto affluent countries.

The Fairmont pragmatists sum up the future in a pair of numbers and a concept: <u>'20 to 80' and 'tittytainment'</u>.

In the next century, 20 per cent of the population will suffice to keep the world economy going.

'More manpower won't be needed.' thinks Washington SyCip.

A fifth of all job-seekers will be enough to produce all the commodities and to furnish the high-value services that world society will be able to afford. This 20 per cent, in whichever country, will actively participate in life, earnings and consumption to which may be added another 1 per cent or so of people who, for example, have inherited a lot of money.

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THE USE OF SOCIAL CREDIT by C. H. Douglas (1935)

An economist is in some sense a professing doctor - sometimes, perhaps, a witch doctor - of the Body Politic.

If I were asked to define the difference between a witch doctor and a modern physician, I should say that fundamentally a witch doctor accepts the diagnosis of his patient as the description of the disease from which he suffers, and the modern physician does not.

Since the patient, though suffering from heart disease, quite possibly states that a "Devil" has bewitched his breathing, the Witch Doctor resorts to spells, frequently of an alphabetical nature, while exhorting his victim to exertions which a physician would condemn.

Much the same distinction may be drawn in regard to the diagnosis and treatment of trade depression.

The idea that unemployment is a defect of the economic system and that the present distresses of society flow from it, and can only be cured by its elimination, is both unscientific and incorrect.

The sound economist observes that the best scientific engineering, organising and administrative brains are continuously endeavouring to achieve a given amount of work with a diminishing amount of human labour, and, that, therefore, an increase of leisure is both certain, and from their point of view, highly desirable.

When he hears that the prime requisite for a restoration of prosperity is a restoration of confidence, he examines the nature of confidence, and finds that it grows from the experience that an intelligent line of action will always lead to a desired result, and he concludes, therefore, that confidence follows experience, and does not precede it.

When he observes that the modern production system produces more than is sold although there are still numbers of the population of modern producing countries in drastic poverty, he does not conclude that the output of the production system should be reduced in order that it may correspond with the amount that can be bought, but he says that the amount that can be bought should be increased.

Proposals for the use of (Douglas) Social Credit as a remedy for the present ills are not primarily concerned with the production side of business.

Probably the greatest body of expert knowledge in the world is concentrated in the production system in one form or another, and this body of opinion may be left to continue its undoubted success in the past. But when we come to consider the distribution of the product, we are met with a less satisfactory situation.

The phrase of "Poverty Amidst Plenty" has become enshrined amongst the clichés of the English language. (Douglas) Social Credit, in consequence, is primarily concerned with the distribution, and not with the administration or technique of production.

Its problem is poverty, not plenty, and poverty consists of lack of money the essence of money being credit - the belief that money will do what it is supposed to do.

Economic production is interlocked with the distribution of money through the agency of wages, salary and dividends. The existing financial system stands or falls by the perfectly simple proposition that the production of every article distributes enough money to the general public to buy that article.

The orthodox economist says it does, the Social Engineer says it does not.

The Socialist complaint against so-called capitalism is that money has been distributed inequitably, that is to say, that some people, the "Capitalists," get too much and some, the "Workers," get too little. Hence the Socialist is permanently committed to a policy of "Soak the Rich."

It is a primary tenet of Social Credit theory that though this unequitable distribution may exist, it is a secondary consideration to the fact that not enough money is distributed to buy the goods that are for sale, and that in consequence redistribution is not an economic remedy, whilst being a political irritant of a high order.

The first point which may raise in our minds a legitimate doubt as to whether the orthodox economist is quite right in regard to this matter is that the business of making money, and the business of making goods or growing food, have no ascertainable relation to each other.

Of course, the manufacturer, the trader, or even the farmer, sometimes talks about "making money". They never make money. They merely scramble for the money which is provided for them in varying quantities and under varying conditions by the bankers, with or without the assistance of the State.

It is a little difficult to pin the banker down as to his own conception as to his position in the community. If he is accused of providing an unsuitable amount of money, and thus causing business depressions, or, to a less degree, frantic booms, he retorts that he is merely a business man and knows nothing about economics, a claim which he can generally substantiate.

If, on the other hand, he is accused of missing a business opportunity which he does not wish to pursue, he is a little apt to retire behind a high moral obligation to the community. The point on which he is quite firm is that the initiative of decreasing or increasing the amount of money in circulation is his prerogative, and that if production or consumption are out of step with it, that is just too bad.

Now the fact that the banker can increase or decrease the amount of money in circulation with results which, though they may be satisfactory to himself, are somewhat tragic to the community, has tended to obscure the fact that we have no record anywhere of a satisfactory distribution of consumable goods to the extent that they can be produced, except in a time of expanding capital production.

To put the matter in its shortest possible form, we have no evidence that in modern times the price-system is self -liquidating and every evidence to show that it is not.

The theory of this proposition is somewhat complex and highly controversial, but the inductive proofs of it are endless.

One of the more obvious is contained in the constant rise of debt, stated by the Technocracy Group to be at the rate of the fourth power of Time, one hundred years being taken as a unit.

Another equally conclusive indication of the immense excess of price values over purchasing power may be derived from examining assessments for Death Duties in Great Britain and elsewhere, in which it will invariably be found that an estate alleged to be worth, let us say £100,000 and taxed in money upon that sum, consist only to the extent of two or three percent in purchasing power, the remainder of the estate being assets of one kind or another which have price values attached to them, and require purchasing power to buy them.

It is significant that in England eight years are allowed in which to pay Death Duties. It should be noticed that this confusion between assets having a price value placed upon them and purchasing power which is required to meet those price values (as if these, instead of being exactly opposite in nature, were similar) is one of the commonest sources of confusion in discussions of the money problem.

Now just as a man is taxed upon his assets and has to pay the tax in money which is purchasing power, although those assets do not grow money, just so do the price values of industrial assets enter into the price of the goods which are sold.

And the first objective of Social Credit is to provide sufficient money to meet these charges which occur in ultimate products as the result of the existence of industrial assets. One of the methods by which it is proposed to do this is to take the charge for industrial assets out of prices and pay it direct to the owner of the assets.

Instead of taxing him in money for the possession of industrial assets we should, on behalf of the consumer, pay him for the use of them. That is not essential to the theory, but it is a quite possible way of dealing with the situation. The real beneficiary, it should be noted, is the consumer, who gets lower prices.

While a scientific regulation of the price level so that goods can be taken off the market by the available purchasing power as fast as they are produced is an essential component of a scientific money system, it does not deal with the second aspect of the problem, which fundamentally is related to the change over from manual production to power production.

Probably over 80 percent of the total number of issues of purchasing power distributed in our existing financial system, is distributed through the agency of wages and salaries and it is obvious that this assumes that 80 percent, at least, of the population will be maintained on a wage or salary basis.

But there is no ground for the common assumption that such a percentage can, or will be maintained in normal times, and every ground for assuming that it will decrease continuously.

On the other hand, the dividend system is independent of employment, and depends fundamentally, only on production. If we can arrange that while the wage and salary payroll becomes continually less, the dividend payroll becomes continually greater and more widely distributed, we have dealt with the second half of the problem.

There are two ways of looking at these aspects of the matter.

The first is moral or ethical, and is probably the less important, since we are less sure of our ground. Due very largely to a mistaken and mischievous Puritanism, probably having a common origin with Marxism, there is a widespread idea that no one should obtain a living without working for it, and it is noticeable that those who do, in fact, obtain a very handsome living without working for it, are most vigorous in their determination that there shall be the minimum extension of the principle.

The moral or ethical justification for a National Dividend, however, rests on the same basis (a sound basis) on which those fortunate persons who do obtain a living without working for it, ground their claim, that is to say, on the possession of property.

The property that is common to the individuals who make up a nation is that which has its origin in the association of individuals to a common end. It is partly tangible, but is to a great degree intangible, in the forms of scientific knowledge, character, and habits.

The extent to which this national heritage can be made to pay a dividend in money to the general population from whom it arises, merely depends on the simple proposition that the money, if spent, shall be effective in acquiring goods without raising prices.

To raise prices would reduce the purchasing power, not only of the fresh money, but of that which preceded it. If this provision can be met, that is to say, if there is undrawn upon productive capacity coupled with control of the general price level, then the mechanism of a National Dividend becomes fairly simple.

In its simplest form, it is the issue of bonds to the general population, similar in character to those which are issued to them in return for bank-created money during a period of national emergency such as war.

The exact condition's under which the bonds are issued is not an economic, but rather a political problem. Many factors enter into it, and it will, in all probability, be solved in various ways as the differing psychologies of peoples and their Government may direct.

In combination with the regulation of the Price Level, it affords a complete flexible method of ensuring that what is physically possible is financially possible. Its inauguration in a modern industrial State means the disappearance of poverty in the old sense of the word, from the population of that State.

The monopoly of credit at present held by financial interests, that is to say, banking institutions and their affiliations, is obviously so valuable that it would be too optimistic to suppose that it will be relinquished without a struggle.
The primary weapon used in this war is misrepresentation.

The socialisation of credit, so far from being an attack upon private property, is probably the only method by which private property can once again become reasonably secure.

It is the alternative to ever-increasing taxation. It is a method by which everyone may become richer without anyone becoming poorer. It is, so far as I am aware, the only method by which the pernicious doctrine of "a favourable balance of trade" can be exploded.

In consequence, it is the primary requisite to the removal of the fundamental causes of war.

You are, however, unlikely to arrive at any conclusions of this character by reading criticisms of the theory which originate from orthodox financial circles.

In spite of the difficulty of obtaining a wide public presentation of the theory, however, the progress which has been made by it, more particularly in the past two or three years, is remarkable.

There is no portion of the English speaking world in which it is not discussed, or in which, spontaneously, bodies for its propagation and realisation have not been formed.

The Canadian Province of Alberta has the honour of having elected on August 22nd, the first Social Credit Government, but I shall be surprised if it retains this isolated position for long.

New Zealand, Australia (and, in particular, Tasmania), South Africa, are all moving rapidly in this direction, more or less in the order named. Whilst in the United States other remedial measures have engaged public attention, steady education upon the subject has been proceeding.

So far as anything is certain in this world, banking dominance of credit, commerce and industry, is certainly doomed together with poverty amidst plenty. ***

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