

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



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"And the Light Became so Bright: The Influence of C.H. Douglas on the Writings of Ezra Pound" By M. Oliver Heydorn

*This the text of a paper to be presented at the 31st Ezra Pound International Conference in
Dorf Tirol, Merano, Italy in July 2025.*

Today, I am honoured to introduce you all to a manuscript entitled: *And the Light Became so Bright: The Influence of C.H. Douglas on the Writings of Ezra Pound*. The primary author of this study is the late **Lorne A. Reznowski**. He was a Canadian scholar whose life was deeply intertwined with the intellectual and political currents of the 20th century. Together with Lorne's son, Theodore Reznowski, I have been editing this manuscript for the last two years in preparation for its eventual release. We are happy to announce that, after much intense work, this manuscript is on the verge of being published with the help of Arouca Press and should be available very shortly.

For whatever reason, the deep connection between Ezra Pound's poetry and prose and the philosophical, political, financial, and economic ideas of the British engineer and monetary reformer, Major Clifford Hugh Douglas (1879-1952), does not appear to be something that has received a great deal of attention. Douglas' analysis of what ails society and what should be done to reform the social order became known as Social Credit. This is not to be confused with the much more recent CCP social credit, which, if anything, is a vision for society that is the very opposite of what Douglas intended. It was in reference to Douglas Social Credit that Pound had written the following:

***and the light became so bright and so blindin' in this layer of paradise
that the mind of man was bewildered. (Canto XXXVIII).***

Hence, the purpose of the manuscript, its *raison d'être*, is to explore the nature and the extent of C.H. Douglas' influence on Ezra Pound and his writings. In doing so, it seeks to address a significant gap in the scholarly discourse—namely, the widespread neglect of Social Credit's literary impact.

By focusing the reader's attention on the intersection of Pound's poetic vision on the one hand and Douglas' economic doctrines on the other, the study also offers us a novel interpretive framework for understanding the whole of Pound's poetry, prose, and political engagement—but more on this a little later on.

I: The Author – Lorne A. Reznowski

Lorne Reznowski was born on January 5th, 1929 in Winnipeg, Manitoba, into a family of Eastern European Catholic immigrants. Raised in Winnipeg's North End—a vibrant, multicultural but impoverished area—he absorbed not only the diversity of languages and customs but also witnessed the struggles of working-class life. These experiences deeply shaped his worldview. Even as a child, he was confronted with the political debates and conflicts of the time. He heard stories of Communism, attended Social Credit rallies, and even delivered speeches on economic justice at the tender age of 12.

His intellectual journey was equally diverse. He studied English literature and theology in a variety of institutions ranging from St Paul's College in Winnipeg, to Loyola College in Montréal, to the University of Ottawa, and to the Catholic University of America. A committed Catholic and a passionate Distributist, he found common cause with thinkers like G.K. Chesterton and Hilaire Belloc. These were thinkers who, like Douglas, had sought a third option beyond conventional capitalism and socialism. Reznowski's academic career included the teaching of English literature at the University of Ottawa and later at the University of Manitoba's St. Paul's College, and his love for literature encompassed Chaucer, Shakespeare, and Dickens.

It was during his graduate studies in Ottawa that he first approached Ezra Pound, in a letter dated April 6, 1965, proposing a thesis on the influence of Douglas's economic ideas on Pound's writings.

I'll just share a bit from that letter:

Notice the address:

Mr. Ezra Pound
c/o Princess de Rachewiltz
Brunnenburg, Tirol
Merano, Italy

Dear Mr. Pound,

I have been a student of the philosophy of Douglas Social Credit since my early boyhood. At present I am engaged in graduate work in English literature at the University of Ottawa (Canada).

In reading a biography on you, I was struck by the great influence Major Douglas had upon you. You mention Social Credit in so many letters to your literary friends and there are allusions to Social Credit in your Cantos.

It seems to me that many doctoral theses in English literature have been written on the influence of Fabian Socialism on Shaw, Wells, etc. However, there seems to be a conspiracy of silence with regard to the influence of Social Credit on modern literature.

I know that you brought Social Credit to the attention of T.S. Eliot, Wyndham Lewis, Marianne Moore, Archibald Macleish [sic] etc.

I know that Eliot refers to Social Credit in his introduction to the *Rock*.¹

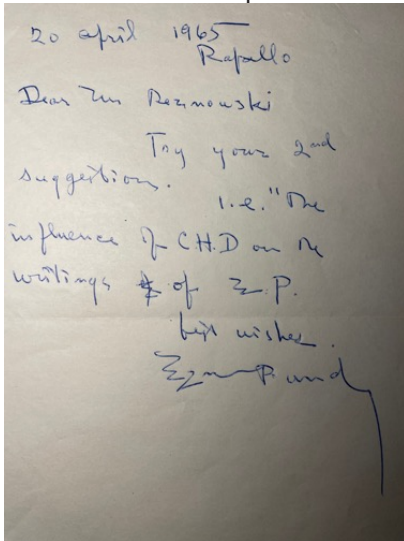
I would like to write my doctoral thesis on “The Influence of C.H. Douglas on the Cantos of Ezra Pound”. Do you think that Douglas was a strong enough influence in your career to justify a thesis such as this?

If you feel this is too narrow, I could perhaps write on the “influence of C.H. Douglas on the writings of Ezra Pound”, or the “Influence of C.H. Douglas on Modern Literature”.

I would appreciate your advice on this matter.

To his great surprise, Pound—by then an elderly and reclusive figure living in Italy—wrote back in the affirmative, suggesting that he tackle the influence of Social Credit across the entirety of his writings.

And here is Ezra’s response:



20 April 1965
Rafallo
Dear Mr. Reznowski
Try your last
suggestion. i.e. "The
influence of C.H.D on the
writings of E.P.
but wishes.
Ezra Pound

For Reznowski, this was both an honour and a grave responsibility. He applied himself assiduously to the task and began an intensive scholarly investigation. His interactions with Ezra Pound’s family, including correspondence with Dorothy Pound and a visit to Mary de Rachewiltz in 1975, underscored his commitment to this research.

But Reznowski was more than a scholar. He was also a politician, a teacher, and a family man. He would eventually serve as leader of the federal Canadian Social Credit Party in the 1970s, though his tenure was short-lived due to political and personal exhaustion. Nonetheless, he remained steadfast in his commitment to the ideals of economic justice.

Until his death in 2011 from cancer, Reznowski remained preoccupied by one unfinished task—his manuscript. It had been derailed in the late 1960s by a combination of academic politics, the accusation of plagiarism (involving poor formatting and citation issues rather than deceptive intent), and the hurly-burly of everyday life. Yet the core of the work—its vision, its originality, its depth—remained intact ... it was just awaiting the day of its final completion.

II. The History of the Manuscript

Reznowski had completed an initial draft of the thesis by 1967. His thesis committee at the University of Ottawa initially approved his work, but on the eve of his defence, a new chair of the English department, **Dr. Richard Pollard**, intervened. Pollard alleged that there was faulty documentation and even plagiarism—largely concerning improperly formatted quotations. Despite acknowledging some technical lapses, Reznowski vehemently denied that there was any intentional misconduct.

The situation was complicated by academic politics and, as subsequent research by Lorne's son Theodore revealed, perhaps even academic fraud. Pollard himself may never have earned a legitimate doctorate, despite claiming one from the University of Paris or Strasbourg. He never published the doctoral thesis he boasted of, and institutional searches have turned up no record of it.

In any case, the academic dispute had some devastating consequences. Reznowski's thesis was blocked and he was denied the opportunity to transfer to another university. His career was redirected, and he focused instead on teaching at St. Paul's College at the University of Manitoba. Yet he never stopped working on this project, returning to it periodically through the decades, collecting materials, refining arguments, and responding to new Pound scholarship.

In 2011, while Reznowski Sr. was gravely ill, his son Ted began organizing the materials for eventual publication. In 2023 Ted approached myself, as a contemporary scholar in the field of Douglas Social Credit, to aid him with the editing and completion of the manuscript. I contributed a new chapter, chapter 1, an appendix, and refined various explanations of Douglas's ideas. Ted has also added a number of sections to the body of the text itself in order to bring it up-to-date with more contemporary Pound scholarship.

Thus, the final work includes not only Reznowski's original insights but also additional research. The overall aim has been to clarify Pound's dense allusions and to tie them more directly to Douglas's thought.

III. The Content of the Manuscript

The core thesis of the manuscript is both clear and bold: **no single thinker influenced Ezra Pound more deeply than C.H. Douglas.**

Douglas, a Scottish engineer and economist, developed Social Credit theory in the early 20th century. He argued that modern economies produce more in goods and services (as these are measured in prices) than they can simultaneously distribute in incomes, leading to chronic underlying shortfalls in consumer purchasing power.

While the present financial system compensates for this gap by relying on steady increases in government, business, and consumer debt, Douglas advocated for monetary reform. The price-income gap could and should be filled via the issuance of an appropriately calculated volume of debt-free credit instead. To this end, Douglas proposed two mechanisms: a **National Dividend** that would be distributed periodically to all citizens and a **Just Price** that would reflect the real, rather than financial, costs of production.

Pound first encountered Douglas through the editor of *The New Age* A.R. Orage in 1918, and it marked him profoundly. The young poet, already disillusioned by the devastation of World War I, found in Douglas a systemic explanation for war, poverty, and artistic decline. Pound came to believe that **usury**—the extractive model of a self-serving financial system—was at the root of civilization's decay and that Douglas most clearly provided the economic framework for understanding the mechanics of it.

Pound's embrace of Douglasite economics is evident in his prose, especially *ABC of Economics* and *What is Money For?*, where he directly cites Douglas's writings. But it is in *The Cantos* that Douglas's influence is transformed into something epic. Reznowski maps this influence across the three major phases of *The Cantos*:

In The Early Cantos (I–LI), Pound juxtaposes mythical and historical fragments, from Odysseus to Sigismundo Malatesta, as he begins his economic critique.

It is in Canto 38 where we read what is perhaps the most clear and complete reference to Douglas Social Credit, the reference which inspired the title of the manuscript. I'd like to read it now in full:

A factory

**has also another aspect, which we call the financial aspect
it gives people the power to buy (wages, dividends
which are power to buy) but it is also the cause of prices
or values, financial, I mean financial values**

It pays workers, and pays for material.

**What it pays in wages and dividends
stays fluid, as power to buy, and this power is less,
per forza, damn blast your intellex, is less
than the total payments made by the factory**

(as wages, dividends AND payments for raw material
bank charges, etcetera)
and all, that is the whole, that is the total
of these is added into the total of prices
caused by that factory, any damn factory
and there is and must be therefore a clog
and the power to purchase can never
(under the present system) catch up with
prices at large,
and the light became so bright and so blindin'
in this layer of paradise
that the mind of man was bewildered.
(Canto XXXVIII)

This is a poetic rendition of Douglas' famous A+B theorem.

The Middle Cantos (LII–LXXXIV) include the Chinese and Adams Cantos, where Pound turns to Confucian philosophy, Chinese history, and American founding documents. Douglasite themes emerge strongly here, particularly in the form of fiscal justice, the distributive role of money, and the resistance to central banking.

The Later Cantos (LXXXV–CIX) includes Rock Drill and Thrones. In them, Pound attempts to articulate a vision of a just society built on truth, beauty, and equity. Douglas's vision of economic democracy—especially the idea that monetary systems should serve, not enslave, humanity—is foundational here.

In the course of the manuscript, Reznowski also explores how Douglas's ideas shaped Pound's views on art, history, war, education, and governance. For Pound, economics was not a mere academic discipline; it was a moral and artistic battleground. A corrupt financial system, he believed, led to cultural decay, while an honest and just one could usher in a new Renaissance.

Crucially, Reznowski's manuscript challenges the often-dismissive view of Pound's economics as "crankish" or incoherent. Instead, he argues that if we take Douglas seriously—and understand his critique of capitalism and socialism alike—then Pound's poetic project reveals itself as the expression of a unified philosophical vision. What critics may view as Pound's eccentricities are, through the lens of Douglas Social Credit, understood as being part of a coherent worldview.

Conclusion

And the Light Became so Bright ends with a hopeful, if sobering, message: Douglas' proposals remain largely unknown and untried, even though many of our modern crises—economic inequality, political polarization, and spiritual malaise—echo ever more intensely the very problems that Douglas and Pound had identified so many decades ago. In other words, Douglas' ideas and Pound's exposition of them are more relevant now than when they were first published.

Thank you for your attention.

Introduction To 'Economic Democracy' By Geoffrey Dobbs 1974

It is one thing for the teacher to write a foreword to the pupil's work, as C. H. Douglas once did for mine, and quite another, even twenty-two years after the author's death, for the pupil to introduce the master's; but I am glad to undertake this not only because it is an honour to be asked to do so by the author's daughter and copyright-holder, but also because some introductory explanation has now become very necessary for a book written in the idiom of fifty years ago, some of which has been changed or even inverted in meaning, although its substance remains singularly up-to-date and critically relevant to the circumstances of the present day.

Economic Democracy, one of the 'key' books of the Twentieth Century, first appeared serially in the pages of *The New Age*, beginning in June 1919. That is to say it was published in what is now generally acknowledged to have been the most brilliant English-language journal of the time, and by an editor, A. R. Orage, who has become a legend. *The New Age* has an undisputed place in the cultural history of the early Twentieth Century, and it was the leading journal of the Fabian Socialists until the founding of the *New Statesman* in 1913, which marked a stage in that cleavage between the will-to-power and the will-to-freedom (to use Douglas's terms) which inevitably occurs, as the history of politics so clearly shows, in every movement dedicated, at the outset, to the betterment of mankind.

It must be remembered, however, that although *The New Age* was in contemporary terms a leading 'socialist' or 'progressive' journal –even '*avant garde*' in its day – the meaning of those terms has now been changed, sometimes to the point of inversion after half a century in which the world has been rushing down the other fork of the cross-roads at which Douglas and his contemporaries stood, having ignored the signpost which he set up, and having now discovered, to its bitter cost, that it has taken the wrong path. It is therefore particularly appropriate that this book, long out of print, should be republished, and that signpost set up again, so that a disillusioned world can realise that there exists an alternative to disaster, though not without a radical change in the sort of thinking which now accepts the centralisation of power as 'progressive', and condemns its distribution (of power-ed) as reactionary.

Even before Douglas appeared on the scene, Orage and *The New Age* had chosen the path of freedom and had turned their backs on collectivist State Socialism, that is, on the socialism of the will-to-power, as well as on the soul-destroying wage-slavery of Capitalist mass-production.

Under the heading of Guild Socialism they were inclined to look backwards to the craftsmanship of mediaeval times, and to reject all science and technology as of the Devil. Douglas supplied just what these people lacked, for although *The New Age* was the forum for the leading literary and political writers of the day, it was then, even more than now, taken for granted that politics and economics were subjects

for the men of words. It was unheard of for someone with practical knowledge and experience of the actual processes of industry and accountancy to take a hand.

In this, Douglas was as far ahead of his time as he proved to be in other ways.

An engineer, with a wide experience of practical responsibility in many parts of the world, including the unique experience of drawing up the plans and specifications for the electrical work on the London Post Office Railway (one of the earliest examples of automation in the history of engineering) he had spent the last two years of the First World War as Assistant Superintendent of the Government Aircraft Factory at Farnborough. In this capacity he brought an original mind to the question of the factory's cost accountancy – a mind which thought first in terms of the practical realities of production for use, and then considered the book-keeping or financial arrangements as a secondary convenience, much as a railway engineer might consider the railway ticket system. This might seem obvious, but it completely inverted the accepted manner of thinking which treats the whole industrial process as if it existed for financial ends, whether for profits or for employment and wages.

Douglas's first article in the *English Review* of December 1918: *The Delusion of Super-Production*, would have been still a little ahead of its time if published in 1968; and his recognition of the social responsibility of the scientist and technologist, and of the colossal sabotage and waste of real resources and energy involved in our financially dominated economic system, have yet to receive their due, even now when, at long last, events have begun to move public opinion in this direction.

It is, of course, well known that, during the Great Depression of the Inter-War years, Douglas's ideas achieved a considerable following, and gave rise to a Social Credit Movement which has left a small, but indelible mark on the politics of the British Crown Commonwealth. But only a handful out of all those who called themselves his followers have ever grasped the truly radical nature of his thinking, or the fact that his proposals for monetary reform were quite secondary embodiments of the fundamental policy of the will-to-freedom, which now emerges as the sole alternative to the present domination of the will-to-power.

In a world writhing again in the agonies of the money-torture, in a form even more deadly than that which afflicted it in the 1930's, the words of Douglas strike home with a force even greater than they had then, strengthened as they are by the course of events which he predicted.

To those who believe that the pursuit of power – that is of centralised power to force one's ideas upon others – is the only conceivable course for any movement to take which seeks to better the human condition, it will appear obvious that Douglas and Orage and those that followed them in opposing the trend of centralising Finance-Capitalism merging into State Socialism, had made the wrong choice, and have paid the penalty of defying the course of history.

If such power-seekers are satisfied with the course of history they need not trouble to read further. But for those who believe that the truth alone can set us free, though

not now until the lesson has been learnt from the consequences of the mass-pursuit of untruth, it may be noted that Douglas's analysis, based on a practical knowledge of modern technology and accountancy, went accurately to the core of the matter, whereas the analysis of Marx and of Lenin, men of words and of wordpower, was fundamentally abstract and inaccurate, although surrounded by a vast mass of detail and of repetitive and hypnotic verbiage, in contrast to Douglas's condensed statements.

It is not, for instance, the widely held ownership of the means of production by 'private' (i.e. free, independent) people which creates an exploited proletariat and the consequent class struggle. On the contrary: the more 'common' such ownership is the greater the freedom of the worker in choosing his employer, and the less 'common' the less freedom, until it disappears altogether when the State becomes sole employer, under the abstract slogan: 'Common Ownership'.

No person of even modest private means is 'proletarianised' by accepting employment; it is the total dependence of the worker upon the employer which opens the door to exploitation, and this has no real or natural economic basis, it is monetary and ideological – a fact which becomes more obvious every year as technological invention increases the productive power of human labour, and the workers organise to 'fight redundancy'.

Money, originating as bank credit, has been described as a license to live; and it was upon the policy of credit-through-the-employer as sole distributor of licenses-to-live to the bulk of the people that Douglas put his finger.

When we consider the total dominance of monetary considerations over our industrial and political life it is scarcely possible to deny that he was right.

There are two opposite directions in which a movement which sets out to protect and liberate the workers can move from this situation. The will-to freedom would work towards the elimination of a proletariat through decreasing dependence upon employment, as productivity increases, decreasing the importance of labour as a factor in production; and also with the increasing need to conserve resources and avoid waste through unnecessary employment in the production of unwanted and unneeded products.

Incidentally this would arrive at an economically classless Society through the abolition of a financially dependent and exploitable class; a state of affairs described by Douglas's title: *Economic Democracy*.

Alternatively, a Socialism activated by the will-to-power while retaining the slogans and image of a movement for the liberation of the workers, can move in the opposite direction by identifying itself, not with the people who seek liberation from the proletarian condition, but with their class-status of exploitability through dependence on employment itself. This it can seek to glorify, to expand, and ultimately to universalise as a power-base for socialist politicians.

The aim here is the same as that of the monopoly capitalist, namely the progressive concentration of employer-power over ever-growing masses of workers, which most

Socialist governments discreetly encourage, since they recognise it as Lenin did as an essential step towards the socialisation of production and the total dependence of a fully proletarianised population upon a single all-powerful Employer, the State.

The power-socialist views with even greater hostility than the powercapitalist the possibility of an increasingly independent worker, capable of making his own bargain with the employer, and with no need to surrender the control over his labour to a Union Leader.

In consequence the Big Unions have grown into labour monopolies with far more terrifying powers over the workers than the employer holds and have now become armies, organised to demand money with menaces, not merely against the employers, but, ironically enough in the 'public' sector, against the whole community – a strange outcome from a socialism that used to talk about working to serve the community and not for gain.

In 1918 Douglas could see great hope in the shop steward, or rank-and-file movement in industry, to reverse the centralising tendency of the Unions, in that it was decentralised, with the control of policy acting from the shopfloor upwards instead of, as in the Unions from the top downwards. Insofar as this is still true, it is probably still an important factor tending towards industrial peace and efficiency, due to the understanding and settlement of genuine grievances.

But in the meantime this movement has been the particular target for penetration by communists whose policy is the ultimate centralisation of power through the final merger between employer power and Union power, money power and bureaucratic power, legal power and police power all concentrated in the all-powerful Work-state under the slogan 'all power to the workers' and under the sign of the clenched fist of mass-intimidation.

There can be no doubt that the socialist movement, nowadays, has rejected the will-to-freedom (except for lip-service) and is wholly dominated by the will-to-power. Neither is this sort of socialism limited to the Labour Party or the 'Left'. Was it not Baldwin who said, as long ago as the 1930's: "We are all socialists now" and since then, the line between Big Business and socialism has become still more tenuous.

The hope lies in that its disastrous objective, the Socialist State is at last becoming widely recognised for what it is: the end-position of monopolistic Finance-Capitalism, or, as the young people of the New Left are inclined to call it, with greater emotional than historical accuracy: the Fascist Police State.

Unfortunately, some of them do not recognise the anarchy of 'continuous revolution', which they have been led to suppose will avert this State, as an essential part of the fear mechanism which is used to introduce it.

It is necessary to be far more radical; to get down to the real causes, and to take the rejected path to freedom with Douglas.

One of the difficulties in this re-thinking is the change in the meaning of words and phrases brought about by their continual use in the propaganda of power, so that parts of this book may be completely misunderstood if taken in their current

and corrupted meanings. This applies particularly to words which refer to people and to property or ownership, which, in the idiom of State Socialism has become the accepted idiom of the day, are abstracted from their real meanings and taken in a collective or exclusively monetary sense.

Thus in any political appeal 'the people', 'the community', 'Society' always starts by meaning the actual people – you and me and everyone else – considered collectively, and Douglas always used such terms in this sense.

Now these words refer to some vague, collective Moloch whose 'interest' is directly opposed to that of actual people, now called 'private persons'.

'Common property or ownership' used to mean our property or ownership; and the appeal of the word 'democracy' lay in the opposite of financial monopoly or centralised government, namely in the idea of maximum distribution of political and economic power to everyone, as a person - not as a unit in some mass.

Property is something which is 'proper' to a person, and ownership applies to something which can be his 'own'. These words refer to men and women, not to abstractions; and they imply the right to possess, to enjoy and to 'exploit' in the wholly beneficial sense of 'to make full use of, to get value from' as well as to dispose of to the owner's advantage. So long as the monetary transactions correspond to these realities they are merely a very useful convenience. It is not until the book-keeping becomes the main objective, and the monetary sense usurps the real sense of the words that their meaning can become inverted, and 'exploitation' can come to mean the misuse or waste of resources for monetary ends and the failure to get value in real terms from them. 'Property' having now become 'the right to get money from' and 'the people' a collective mass represented by the Government, the way is now open for the complete inversion of 'common property' to mean the expropriation of all actual people, while the real powers of ownership pass to the ruling oligarchy and its dependent bureaucracy.

These explanations have now become quite essential for most readers of *Economic Democracy* whose memories do not go back to the time it was written. For instance, Douglas's statement in Chapter 8 that: "Natural resources are common property, and the means for their exploitation should also be common property" will inevitably be taken, nowadays, to mean that natural resources should be expropriated by the Government, and that property in them, far from being common, should be abolished. It will be quite hard for many people to grasp the strange idea that he meant exactly what he wrote: that 'common' meant common; 'property' meant property, and 'exploitation' meant enjoyment and use by actual human beings. Perhaps some examples will be helpful.

Air, for instance, is a 'natural resource' which is unique in being common property in the most complete sense – available to everyone, everywhere, at all times, since all have the means for its exploitation in their lungs. If it were to become 'common property' in the State Socialist sense, it would, of course, be vested in the

Government, and everyone would lose the right to breathe freely exploiting for their own personal gain the property of 'The People'.

This is, I hope, far-fetched, but the same principles are already being applied to water, which has some of the essential and universal properties of air.

Land, on the other hand, is a resource of a different nature, in that it is fixed and local. It is also a 'mixed' resource; in part a universal essential, but in part also a form of capital of no direct use *per se*, but only as a vital factor in the production of necessities such as food, clothing and timber.

As common owners of the land we all need to be able to walk upon it and to traverse it for purposes of travel and recreation, wherever this does not infringe more important forms of ownership. We also all need to dwell and to make our homes upon a particular piece of land, and it is here that the contrast between the aims of the will-to-power and the will-to-freedom is at its most obvious.

Ought the land to belong to the people – for instance, ought freehold home ownership to be as common as possible? Or, ought it to belong to 'The People' with the actual powers of ownership exercised, through its agents, by one great Absentee Landlord, the Government?

Land as productive capital is quite another matter. There is no case for common ownership here (in the sense of administrative control) by anyone who lacks the skill or the will to produce from it; though the Englishman's love of his garden is a sign that this skill and will is quite common, even among town-dwellers. But for the non-producer, it is not the land, but its produce which he needs to own.

The same applies to coal, oil, or minerals in the earth's crust. What use could most of us make of a coal seam, a copper deposit, or oil or gas under the North Sea? To talk of common ownership of these in the real sense is meaningless nonsense. We cannot exercise the rights of ownership until they have been converted and made available to us in usable form.

Exactly the same considerations apply to the ownership of the capital equipment of industry required for the processing of these resources for our use. What real (not monetary) use could we make of a coal mine, an oil rig, or a steel mill?

It is most important, however, to realise that, financially and collectively, we have to buy these capital equipments, and also their intermediate products, in paying their cost in the consumable goods they eventually produce; and in this sense they may be termed 'common property'. The financial system ought, therefore, to enable us to meet their cost without mortgaging the future.

As Douglas makes clear, production is the conversion of matter or energy from an unavailable form to one in which it is available for the use of mankind.

The efficiency of this conversion depends primarily upon the usefulness of the end-product. Usefulness to whom, and who is to be the judge of it?

Douglas says these resources are common property; which means that they ought to be made available for our use, and we are the judges of that use. And that means consumer control of production: Economic Democracy; which is incompatible with

a system which distributes goods and services only through the process of producing more goods and services, thus giving a clear incentive to produce useless, unwanted or superfluous things, and to create a 'demand' for them.

We are said to live in a 'consumer society' suffering from the disease of 'consumptionism' due to the greed of the common people as consumers. But this puts things upside down. 'Productionism' or 'employmentism' would be better names for the disease, for we are passing increasingly under producers' control; the consumers, whose greed is much exploited in the process, being force-fed with the by-products of an industry which is primarily concerned with the provision of work and the distribution of money.

This aim is opposite to, and incompatible with: that of production for use with minimum cost and waste of energy and resources; and its endposition of 'workers' control' – the dictatorship, not of one class over another, but of Man as the hired agent of others over the same Man as free Agent – is incompatible with economic democracy.

The necessity for consumer control of production is the necessary background for an understanding of Douglas's monetary analysis and proposals, and much confusion has been caused by critics who have not grasped this, but who used to maintain that he had mistaken a temporary shortage of purchasing power due to deflation for a permanent deficiency in the system.

In fact Douglas never said that our producer-dominated credit distribution system could never distribute the money to buy the goods wanted, but that it could not do so without producing what was not wanted, and with accelerating waste and sabotage. If work-accomplished, (priced to cover an accumulation of costs over an indefinite period), can be distributed only through work-in-progress (to be piled onto the accumulated costs of work-completed next year) then we have the recipe for our modern predicament – the necessity for continuous 'economic growth', with evergrowing squandering of energy and resources, as technological advance increases the product per man-hour. Unless inflationary producer-credits, supplemented by consumer-credits-mortgaging-future-wages, are poured out faster and faster, then we can buy less and less of what we have already produced.

Douglas alone has analysed the situation correctly and shown us the way out; and events have proved him to have been right, and his critics wrong.

Distribution, he pointed out, should be a function of work-accomplished, not of work-in-progress. That means that the people, collectively, ought to be able to meet the accumulated cost of all the goods they want as they come on the market, without mortgaging the future.

Douglas defined 'purchasing power' as "the amount of goods of the description desired which can be bought". It is not satisfying consumption which is waste; in fact, that is the sole purpose which justifies production. It is non-consumption, or unwanted, or forced, or hypnotically induced over-consumption which is waste.

The processes of increasing technological efficiency which go on in industry

ought to be resulting in a continuous fall in prices, but this is more than offset by the charging of all waste and inefficiency to the consumer.

It was he (Douglas) also who defined 'real credit' as "a measure of the effective reserve of energy belonging to the community" which ought to be reflected in the financial system. These considerations, put forward in 1918, can now be ignored only at our dire peril.

It must be remembered that *Economic Democracy* was Douglas's first book; the prentice effort of a mind already mature, but which was to grow in depth and incisiveness for another thirty years. It is certainly his most 'difficult' book; it is incredibly condensed, and it took a mind of the calibre of A. R. Orage's to grasp its significance when it was written.

Douglas once told my wife that *Economic Democracy* was the last of his books that he wanted to see re-published, and he is understood to have had thoughts about re-writing parts of it, notably Chapter 8 with its 'purely idealistic' scheme at the end, which was admittedly not practicable at the time, in contrast with the proposals for redistribution of the National Debt in Chapter 9, and for the Just Price in Chapter 10. These may be seen as early examples of proposals embodying the principles of consumer control, produced under First World War conditions of centralisation, for application in the post-War situation.

The later development of Douglas's financial analysis and proposals may be found in *The Monopoly of Credit* (1931): but he was always capable of producing *ad hoc*, a precise set of monetary proposals for any given situation; and these were never intended as any sort of permanent plan or programme.

Here, then, are some of the reasons why I have thought that this first book now needs an introductory "Chapter" to put it into the background of the late Twentieth Century, and to dispel some of the garbled versions of Douglas's ideas which have been put about in the meantime.

"The Delusion of Super-Production", Douglas's first article, published in the *English Review* of December 1918, has been added as an appendix at my suggestion.

It is difficult to imagine anything more prophetic or relevant to the situation of the 1970's.

There is always a time-lag of generations between the appearance of a seminal idea, and the possibility of its widespread acceptance by minds which can be opened to it, on a large scale, only by the heavy pressure of events which have been correctly anticipated. It appears that this time is now approaching for the opening of minds to Douglas's ideas.

In the 1920's and 1930's many people could see their application to the situation of 'poverty amid plenty' through mass unemployment among unsold goods and unused productive power. But most people could see no further when, as Douglas so frequently predicted, this 'problem' was solved by the vast super-production of War, and Keynesian economics brought in the era of accelerating superproduction via continuous inflation and 'employmentism'.

At long last it is being realised that this cannot go on indefinitely; that even this rich planet with its continual shower of energy from the Sun, cannot endure without impoverishment the wasting of its resources at an accelerating rate upon purposes other than the precise requirements of the people who live on it – purposes such as the distribution of book-entries and money-tokens, or, the imposition of the will of a handful of controllers of production.

Already the environmental Movement has become a ‘bandwagon’ which has been taken over by producer interests concerned to exploit (and often to exaggerate) the scarcities they are making, so as to tighten still further the dictatorship of the producer and distributor over the people they are supposed to serve.

In conclusion, it may be said, literally and solemnly, that no efforts to deal with this economic dictatorship, or to avert the environmental crisis which it is bringing about, can hope for success on the scale necessary to avoid disaster, unless and until prejudice is laid aside, and the fundamental revolution in ideas which was inaugurated by this book is accepted and put into effect.

Bangor, May 1974 Geoffrey Dobbs

Brief History of the League of Rights

The first League of Rights was formed in South Australia in 1946. It developed from the Vote NO campaign conducted against Dr. Evatt’s continuing bid to change the Constitution in order to centralise more power in Canberra. Evatt tried to do so, and failed at the wartime 1944 referendum.

The League is a Christian-based service movement, that unreservedly accepts the Christian Law of Love. It does not seek political power, but is a type of political watchdog, equipped to warn the individual about threats to rights and freedoms, irrespective of the label.

The Australian League of Rights was established in 1960 when the separate Leagues in the States agreed to form one national movement. The establishment of The League of Rights in Canada, the United Kingdom and New Zealand resulted in an association called the Crown Commonwealth League of Rights in 1975. For eight years the Crown Commonwealth League of Rights was an international chapter of the World anti-Communist League, participating in a number of international conferences in different parts of the world prior to the collapse of the Soviet Union.

The League is not motivated exclusively by threats to individual freedom. It constantly upholds the vision of a world of expanding freedom and security for all, in which every individual can participate freely in association with his fellow man to help build the finest civilisation yet created.

THE LEAGUE'S TRACK RECORD

“By their fruits ye shall know them.” The track record of The League of Rights is clear for all to see. When the League was formed at the end of World War II, there was widespread optimism about the future. The League stressed that the real winner of the war was international communism, that the future of the once-great British Empire was at risk, and that the drive towards the World State through the United Nations would prove a trap for the free world.

For over 70 years International Communism exerted influence on every continent, and approximately one-third of the world's population lived under Communist governments.

Although the League warned that Communism required capitalist financial support, and could not feed its captive peoples, the West was caught by surprise when the Berlin Wall crumbled. Now the United Nations is emerging as the foundation structure for a proposed World State, complete with global "peace-keeping" forces.

SUCH WARNINGS PROVED TO BE PROPHETIC

The League has constantly warned of the erosion of the Constitutional Monarchy as a barrier to centralised power. In the 1980's, the League again warned of the use of UN Treaties to undermine the Constitution and strip away State powers. It also directed attention to the long-term Fabian socialist programme of amalgamating local government into regions before abolishing the States and the Senate. This programme is now well advanced.

THE LEAGUE'S PREDICTIONS WERE CORRECT

From its inception the League warned that high progressive taxation, and consequent social controls were inevitable under financial policies which generated increasing debt.

It predicted that irrespective of the label of government, no constructive solution to high taxes and inflation was available under debt finance. The social consequences of the debt system include the depopulation of rural Australia, as farmers and small businesses are eliminated.

In 1975 the League warned that the establishment of a New International Economic Order would have a dramatic impact on Australia's industries. Following the deregulation of the banking industry, the drive toward the "global market" has meant the "restructuring" out of existence of many Australian industries, companies and employment opportunities.

RECENT EVENTS HAVE PROVED THE LEAGUE TO BE RIGHT

After the dismissal of Whitlam in 1975, the League predicted that the Fraser Government had no answer to Labor's Fabian socialist revolution, because ALP policies were not being reversed. Apart from the League, few other groups dared to warn that an open-door immigration policy would fragment a homogeneous population, jeopardising a common culture and heritage. Unfortunately, where adopted, multiculturalism has usually resulted in increased racial and cultural friction.

AGAIN, THE LEAGUE'S WARNINGS WERE JUSTIFIED

The League has provided accurate forward intelligence because of its vast bank of information, extensive network of international contacts and an understanding of the application of policy. You are invited to make use of its services.

THE LEAGUE'S FREEDOM CAMPAIGN

No political movement can exist in a moral vacuum, and Australians have traditionally accepted that it is the Christian Faith that generated our heritage of representative government. While the League maintains a small full-time staff primarily motivated by Christian service, it is the extensive network of volunteers from all walks of life who form the backbone of the Movement.

The League of Rights seeks to help create a body of dedicated men and women who serve not for their own material gain, but as custodians of those truths and values which must form the basis of all successful efforts to defeat the enemies of human dignity and freedom.

The League encourages and equips individuals to independently exercise their own initiative in the service of freedom.
